MONDAY SPORTS
NFL RESULTS
Page 15

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The New Europe Looks More Like an Old Friend

1993's 'Mythical Significance' Holds Little Magic for EC Single Market

By Tom Redburn
International Herald Tribune

BRUSSELS — Riccardo Perissich, the man who heads the EC Commission's immense bureaucratic effort to bring the European single market to life, will not be present at the creation. On Jan. 1, 1993, he plans to be on vacation.

Mr. Perissich deserves the break. For the past seven years, the European Community has labored to create a true "Europe without frontiers," a vast economic area stretching beyond the borders of its own 12 diverse nations. From the Arctic to the Mediterranean, from the Atlantic to the Oder — a region where 375 million people living in 19 countries generate more than $6.5 trillion in economic output each year — the most powerful animating idea of recent years is that goods, services, money and people should be able to move across national borders practically as easily as if they were crossing the street.

"I can rest secure," Mr. Perissich says. "Whatever happens next, the basic rules are in place and ready to go."

Besides, he won't miss much. For when the long-awaited completion date finally arrives at the stroke of midnight on the last day of 1992, it will be as if nothing much is actually happening. The reason is simple: Most of the single market already exists.

"The first of January, 1993, has taken on an almost mythical significance," says Peter Sutherland, chairman of Allied Irish Banks and the leader of a high-level EC advisory group that looked at the remaining obstacles to making the single market work effectively after 1992. "It's an enormous achievement to have got this far. But there won't be any big bang."

"In reality," Mr. Sutherland explains, "the single market is simply the continuation of a process of consistent progress that goes all the way back to the beginnings of the Community and the Treaty of Rome, 35 years ago."

Indeed, despite the Old Continent's array of current troubles, the development of the Community since the Single European Act of 1986 has already helped revitalize Western Europe over the past few years and served as a beacon to the nations in Eastern Europe that are trying to throw off the burdens of communism. The 1992 project set off a wave of new business competition across much of Europe that has substantially bolstered investment, expanded consumer choices, created millions of new jobs, and energized tradition-bound Spain, Portugal and Ireland to start modernizing their economies.

For all of Brussels's accomplishments to

See EUROPE, Page 5

Despite deregulation, EC airfares are expected to remain high. Page 4.

Cross-border shopping will not be much of a bargain at first. Page 5.

Plus Ça Change ...

Despite the achievements of Europe's single market, a number of nettlesome annoyances will remain firmly in place. Here are 10 things that just won't go away. At least not yet.



Customs officials will still be able to stop you and require you to show your passport or identity document at EC internal borders, though controls will be confined generally to Britain, Ireland, Denmark and Greece. Airports won't eliminate customs controls on internal EC flights until near the end of the year at the earliest.



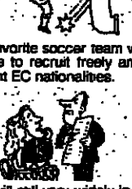
Banks and currency traders will continue to impose stiff fees to exchange money. No common currency is in sight.



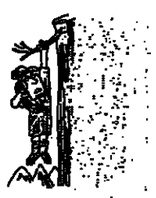
Air travel will remain particularly costly because of limits on competition.



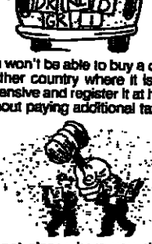
Electrical plugs are not the same in all European countries.



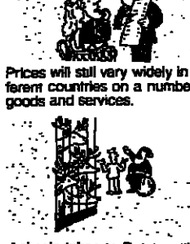
Your favorite soccer team won't be able to recruit freely among different EC nationalities.



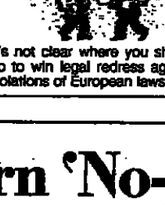
There will be no common emergency phone number. International calls from different countries will continue to use different prefixes.



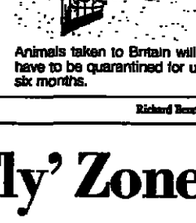
You won't be able to buy a car in another country where it is less expensive and register it at home without paying additional taxes.



Prices will still vary widely in different countries on a number of goods and services.



It's not clear where you should go to win legal redress against violations of European laws.



Animals taken to Britain will still have to be quarantined for up to six months.

Richard Bennett/IHT

U.S. Political Wrangle Threatens Trade Pact

Democrats' Infighting Could Hinder Clinton and Undo 2 Major Treaties

By Keith Bradsher
New York Times Service

WASHINGTON — Deep divisions in the Democratic Party over how aggressively to confront foreign countries on trade issues produced unusual infighting during President-elect Bill Clinton's search for a new U.S. trade representative and could stymie his efforts to push sweeping trade agreements through Congress next year.

The party's many fissures could undo the results of the Bush administration's North American Free Trade Agreement, which would eliminate import taxes and other trade barriers among Canada, Mexico and the United States.

Also at stake is a still-pending accord in 108-nation world trade talks, which are intended to reduce global trade barriers and stimulate a stagnant world economy.

During Mr. Clinton's deliberations on the trade appointment, Democrats with different views on trade matters worked furiously behind the scenes to undermine the others' candidates for trade representative, including efforts to plant unfavorable stories about opponents in the news.

Among those shot down for the job were Paula Stern, a former chairman of the International Trade Commission, known for her reluctance to protect U.S. companies facing low-priced foreign competition, and Clyde Prestowitz, a former Commerce Department official during the Reagan administration and an outspoken critic of Japan, whose work Mr. Clinton praised during the presidential debates.

Mr. Clinton finally awarded the trade job to his campaign manager, Mickey Kantor, giving a political plum to a neutral choice who has no clearly defined views on trade.

"The party is divided — certainly the unbelievable internal struggle to fill the position, within the transition, is an indication of the divisions," said Thomas E. Mann, director of governmental studies at the Brookings Institution.

To be effective, Mr. Kantor will have to heal these divisions, said Representative Sander M. Levin, Democrat of Michigan, a member of the House the Ways and Means Committee.

"His job will be to try to, out of bitter controversy, find a meaningful consensus," Mr. Kantor said. "It will be difficult, but it's doable."

The following agendas are being pushed by four factions within the Democratic Party:

- Help for American workers in declining industries through restrictions on imports — the most protectionist stance with the highest risk of international confrontation.
- Subsidies for exports by U.S. high-technology companies — policies that could set off foreign retaliation.
- Sweeping government programs to train workers and build up transportation and communication links — a position that would also try to avoid disputes with trading partners.
- Global programs to protect the environment — an outlook that hopes to tie trade questions to environmental problems.

Robert B. Reich, the Harvard public policy lecturer whom Mr. Clinton has picked to head the Labor Department, opposes subsidies for particular industries, arguing that the government should try to boost the economy as a whole through public investment.

But Laura D'Andrea Tyson, picked to head the Council of Economic Advisers, advocates subsidies to specific industries.

Besides policy disputes, bureaucratic turf fights are to be expected within the administration. For example, it remains to be seen how Mr. Reich will share with Mr. Kantor the job of negotiating a separate agreement with Mexico on labor issues, which Mr. Clinton has demanded before he will allow the North American Free Trade Agreement to take effect.

"The party is truly divided," said Representative Robert T. Matsui, Democrat of California, a senior member of the Ways and Means Committee's trade panel who is close to the Clinton transition team. "It's not just free trade versus protectionism any longer, you've got the concepts of managed trade and reciprocity, and environmental issues."

Each group also includes those who worry that the U.S. budget deficit will widen if new trade agreements require money for environ-

See TRADE, Page 6

The president-elect may not reach his goal of adding U.S. manufacturing jobs. Page 11.

In the new cabinet, the vision is left to President-elect Bill Clinton. Page 3.

U.S. Jets Down Iraqi Plane in Southern 'No-Fly' Zone

By Michael R. Gordon
New York Times Service

WASHINGTON — An American F-16 shot down an Iraqi warplane Sunday after Iraqi jets ventured into the air exclusion zone in southern Iraq in an apparent test of American resolve in the region.

It was the first time that an Iraqi plane has been shot down since the United States, France and Britain banned Iraqi flights south of the 32d parallel in August to protect the Shiite Muslim population there from attack by Saddam Hussein's forces.

"I don't know what he's doing, but he's made a big mistake," said President George Bush, referring to Mr. Saddam.

"We are not threatening anybody," said the president from Houston, where he was beginning a two-day vacation. "But we must enforce those resolutions. He must comply with the UN resolutions."

"I've heard that it might be some test of our will near the end of my presidency," Mr. Bush said. "But those F-16s sent the message to him pretty clearly."

In a Baghdad radio broadcast, Iraq said it reserved the right to respond to the downing of the plane "in the appropriate manner and at the appropriate time."

The downing of the Iraqi plane, a MiG-25, occurred against the backdrop of increasing signs that Iraq is chaffing under the restrictions imposed after the Gulf War in 1991.

Earlier this month, American officials complained that Iraq had been ordering drivers out of relief trucks bound for the Kurdish enclave in northern Iraq and blowing them up. Iraq has also stationed a large number of ground troops near the Kurds and has been conducting exercises there in an effort to intimidate them.

Additionally, Iraqi officials have recently sought to hide documents from UN weapons inspectors, American officials said. And officials have received indications that some Iraqi planes might have ventured south of the 32d parallel in recent weeks when American, British or French planes were not in the vicinity.

The incident Sunday was "part of the pattern over the last several months of increasing Iraqi aggressiveness in challenging the UN," Robert M. Gates, the director of central intelligence, said in a U.S. television appearance.

According to American officials, the incident began Sunday at 10:20 A.M. when two Iraqi MiG-25s ventured south of the 32d parallel. They turned back after two American F-15C

See IRAQ, Page 6

U.S. Envoy Sees Scant Hope for Somalia Accord

Compiled by Our Staff From Dispatches

MOGADISHU, Somalia — The senior U.S. diplomat in Somalia expressed skepticism Sunday that a peace agreement between major warring factions would hold and that the country would make progress toward ending two years of anarchy.

The agreement, announced by the U.S. special envoy, Robert B. Oakley, was reached in U.S.-brokered talks Saturday between Somalia's two major warlords, General Mohammed Farrah Aidid and Mohammed Ali Mahdi, leaders of rival wings of the United Somali Congress. They were joined by leaders of secondary feudal factions.

Mr. Oakley said Sunday that the parties to the peace accord had "made a really major effort."

"Whether they'll be able to achieve the agreement they reached yesterday, we'll have to see," he said.

A key point of the pact was the elimination of the so-called green line, which has been a free-fire zone between north Mogadishu, controlled by Mr. Ali Mahdi's forces, and south Mogadishu, which is under General Aidid's control.

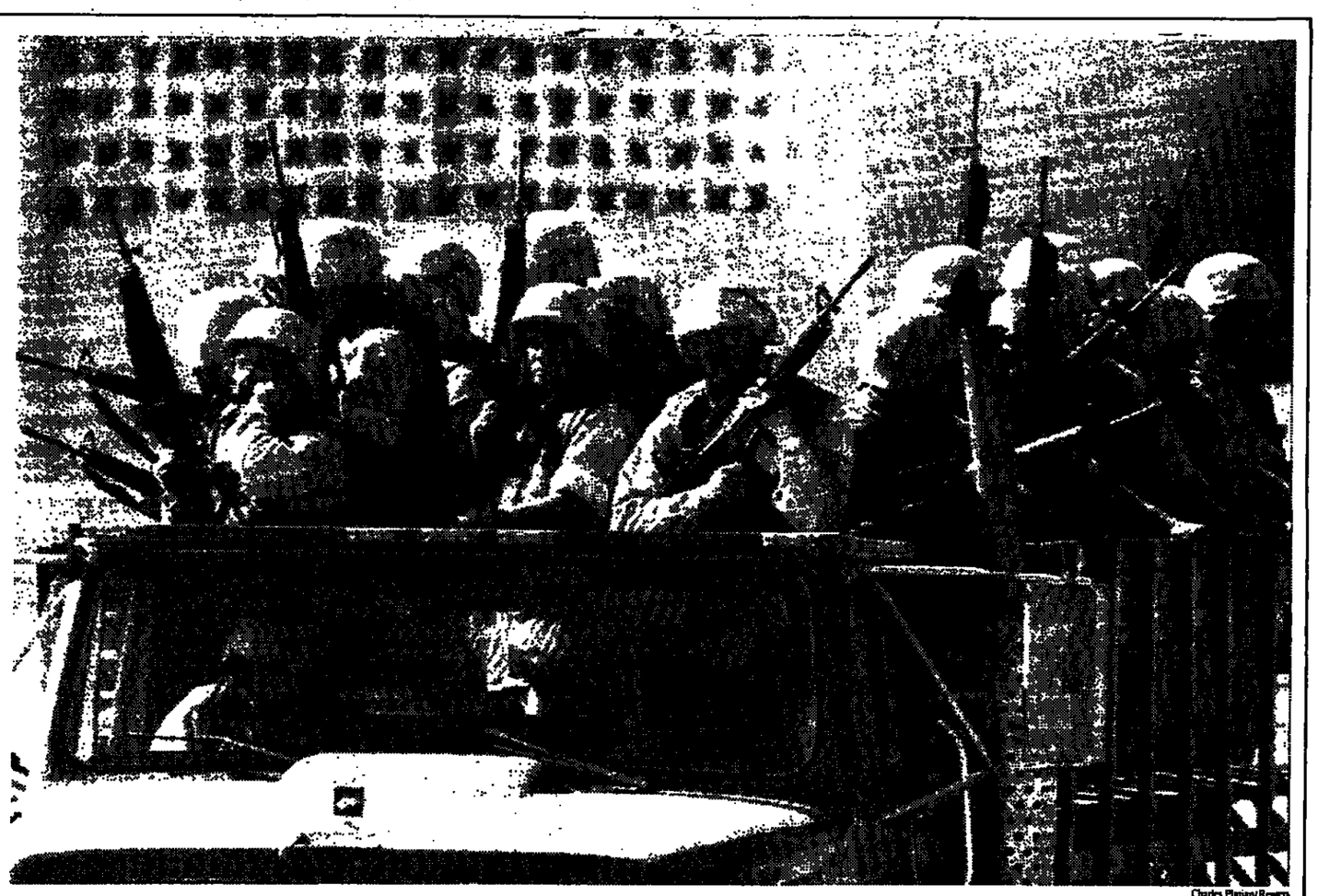
The warlords had earlier agreed to remove truck-mounted heavy weapons, known as "technicals," from Mogadishu.

"The major fighting has pretty well stopped," Mr. Oakley said. "In yesterday's agreement, Ali Mahdi and Aidid pledged themselves to end the fighting. They acknowledged that there was a need for change."

"They both said they would like to see some kind of democracy develop here," he added. "I'm not so optimistic to say this will happen, but there's a better prospect for it than there has been in the past."

Clan warfare and famine followed the over-

See TRUCE, Page 6



Charles Platiau/Reuters

Holding their firearms at the ready position, U.S. Marines rode through Mogadishu in a truck toward the port on Sunday. Western patrols of the city are to be stepped up.

Walsh Wants To Query Bush On Iran-Contra

By George Lardner Jr. and Walter Pincus
Washington Post Service

WASHINGTON — The independent counsel in the Iran-contra case will seek to question George Bush next month, after reviewing presidential notes about the affair that were made known to prosecutors only weeks ago, sources said.

The White House dismissed as hypothetical how Mr. Bush might react to an attempt by the counsel, Lawrence E. Walsh, to query him.

Mr. Walsh's office had opened an inquiry into the hitherto secret notes when Mr. Bush announced Thursday that he was pardoning Caspar W. Weinberger, the former defense secretary, and five other men in connection with the affair.

[Marlin Fitzwater, the White House spokesman, said that Mr. Bush was prepared to release all pertinent documents but that the special prosecutor is preventing him from doing so. "Walsh is the only cover-up in this investigation," United Press International quoted him as saying. "We have begged" him. Mr. Fitzwater said, to release the transcript of Mr. Bush's testimony during interrogation by Mr. Walsh's office in 1988. "He won't do it."]

Mr. Walsh has said significant gaps remained in the documents released. Eventually, the sources said, he is likely to subpoena the papers.

Mr. Walsh said he would not decide what to do about Mr. Bush's "misconduct" until returning to Washington on Jan. 10. Questioning the president is not likely until after he leaves office Jan. 20.

White House officials said that Mr. Weinberger would make public all of his notes.

[On an ABC News program Sunday, Mr. Weinberger said he did not initially turn over

See BUSH, Page 6

Deportees Go It Alone

Arab Support for Their Case Is Hollow

By Youssef M. Ibrahim
New York Times Service

CAIRO — Although virtually all Arab governments publicly support the cause of the 415 Palestinian Muslim fundamentalists deported from Israel, the militants from the hard-line Hamas and Islamic Jihad organizations have few, if any, friends in the region.

Referred to in private conversations with senior Arab officials as well as ordinary citizens as "those Palestinians," the fundamentalists represent a maverick Arab force that finds little sympathy.

They have been stranded at the Israel-Lebanon border since they were deported by Israel on Dec. 17.

Hamas and Islamic Jihad fundamentalists in the occupied territories have established firm ties with Iran, with Hamas opening a representative office there. According to Bassam Abu Sharif, a senior official of the Palestine Liberation Organization, they receive between $20 million and $30 million from the militant Tehran government.

Reflecting their convictions but also this Iranian connection, the two organizations have steadfastly opposed peace talks with Israelis. They have threatened to kill Palestinians engaged in negotiations.

Along with other Arab fundamentalists in Algeria, Tunisia, Jordan, Egypt and Saudi Arabia they have advocated overthrowing Arab governments in favor of Islamic republics fashioned after Iran.

But beyond the lack of Arab sympathy that these policies have engendered, the deportees have also become a pawn in the hands of various Arab parties.

Lebanon, for example, believes their admission into its turmoil would be like adding fuel to

See EXPEL, Page 6

Rabin rejects a UN appeal to allow relief for the deportees in Lebanon. Page 6

Kiosk

Concessions by U.S. May Help Arms Deal

GENEVA (AP) — The Bush administration, eager to conclude a START-2 missile-reduction treaty with Russia before Jan. 20, has offered concessions that improve chances for a signing after New Year's Day.

Secretary of State Lawrence S. Eagleburger, disclosing the concessions as he flew here Sunday for meetings, said there was "a better than 50-50 chance we can get an agreement." He meets Monday with Foreign Minister Andrei V. Kosyrev and Defense Minister Pavel S. Grachev.

General News

A Bosnian rape victim says she was lucky because she survived. Page 2.

Business/Finance

U.S. machine tool orders slumped in November. Page 9.

Crossword Page 16.

Pilots May Soon Fight Sleep With Sleep

By Don Phillips
Washington Post Service

WASHINGTON — A decade of research by the National Aeronautics and Space Administration indicates that long-haul airline pilots are often fatigued and sleep-deprived, and many probably suffer from sleep disorders.

Other research, including a study of calls to a NASA pilots' hot line, also tends to confirm the yarns that pilots have spun for years: Crew members fall asleep for brief periods more often than their passengers might imagine on long flights, particularly flights through many time zones that disrupt the body's natural sleep patterns.

The matter is soon to reach the Federal Aviation Administration. A task force sponsored by the agency has developed a plan essentially to fight fire with fire. It is called "controlled rest," allowing one crew member at a time to nap during the dull cruise phase of flight — when planes usually fly automatically — in order to help the crew stay alert during the critical descent and landing phases.

The recommendations, which cover domestic and international flights and two-person and three-person crews, have been reviewed by the agency's aviation rule-making advisory committee. They could go to agency officials as early as next month, according to committee members.

Controlled rest has been researched for years in the industry, and some airlines, including Swissair and Finnair, allow it. NASA says its tests have proved that crews are more alert and experience less fatigue with controlled rest.

But in the United States, a split has developed among pilots' unions that could delay or scuttle the idea. The Allied Pilots Association has criticized the task-force recommendations as unsafe. The union also said it feared that controlled rest could lead the federal agency to allow longer maximum flight-duty time, prodded by a financially ailing industry that wants to squeeze more work from crews.

"We're very fearful we're going to fly longer days," said the union's president, Captain Richard T. LaVoy. Under current federal rules, a two-person crew can be scheduled to fly no longer than eight hours nonstop and a three-person crew no longer than 12 hours nonstop, unless an extra crew member is added to allow everyone to rest.

The union also objected to the concept of allowing naps in two-person cockpits or within the United States, where the airspace is congested. All new airliners are designed to fly with two pilots, although there are still many three-pilot planes, such as Boeing 727s, McDonnell Douglas DC-10s and most Boeing 747s. Captain LaVoy said that if the one awake crew member fell asleep inadvertently, the plane would be left to fly itself.

The largest pilots' union, the Air Line Pilots Association, declined to comment pending release of the agency's recommendations. But another union, the Independent Pilots Association, has disputed the Allied Pilots Association's objections.

The latter union's representative on the task force, Captain Jim Magner, said that controlled rest did not solve the problem of sleep in

See DOZE, Page 6

Bosnia Rape Victim's Ordeal: 'I Was Lucky, I Survived'

By Peter Maass
Washington Post Service

ZENICA, Bosnia-Herzegovina — Before the local Serb warlord took Mersiha away from her apartment to rape her, he told her not to cry. Mersiha, a 17-year-old Muslim schoolgirl, would be safe with him, he said.

Then, Mersiha said, the Serb ordered her, her 15-year-old sister and an 18-year-old friend into a car and drove them to a motel in their home town of Visegrad. The notorious Bosnian Serb White Eagle militia had just seized Visegrad, and Mersiha sensed in a terrifying instant that the victors were starting to divvy up the female spoils of war.

The girls were taken to the Vilina Vlas motel, which has been described by the Muslim-led Bosnian government as one of the Serbs' alleged "rape motels." Mersiha was locked in one room, her friend was locked in another. Mersiha's younger sister, Emina, was put in a room across the hall. A few hours later, Mersiha heard her sister moaning and sobbing, but she never saw her again.

The warlord, Milan Lukic, who has been well-known locally for years, came into Mersiha's room, put a table in front of the door and told her to undress.

"He said that if I didn't do what he wanted, I would never go home," Mersiha recalled, speaking in a nervous but constant voice. "Then he ordered me to take off my clothes. I didn't want to do that. He said I must, that it would be better to take my clothes off myself or else he would do it, and he would be violent."

Mersiha paused in her narration. She tightened her hold on the hand of her older sister, who is a student in Zenica and sat next to her throughout the interview.

"I started to cry. He said I was lucky to be with him. He said I could have been thrown into the river with rocks tied around my ankles. But I didn't want to do it. He got angry and cursed and said, 'I'm going to bring in 10 soldiers.' "

And so Mersiha, who had never had a boyfriend, tried to stop crying as she was raped.

According to the Bosnian government, more than 30,000 women have been raped in this former Yugoslav republic's nine-month-old war, with some of the victims as young as 12.

The government, partly supported by testimony from Muslim victims and captured Bosnian Serb soldiers, accuses the Serbs of employing rape as a tactic to "boost morale" among the victorious fighters and humiliate Bosnian women and their families.

This practice of mass rape, the actual numbers of which have not been confirmed, has been condemned by the United Nations and the European Community. Each organization is sending investigative teams to the former Yugoslavia to interview rape victims and determine the extent of sexual crimes here that EC leaders described as "acts of unspeakable brutality."

Most Muslim rape victims who have survived their ordeal are unwilling to talk to anyone — spouses, siblings and especially journalists — about what they have been through. Their silence may make it difficult for investigators to collect first-hand testimony.

Mersiha, who escaped Visegrad after being raped in June, agreed to talk on the condition that her last name not be divulged because her younger sister is, if not dead, still in Serb captivity. Mersiha said there was one reason why she decided to talk: "I want people to know the truth." After a moment, she added, "I was lucky. I survived."

As in virtually all other rape cases, there was no way to independently corroborate Mersiha's story, since there were no witnesses and the shadowy warlord who allegedly raped her could not be reached.

After the rape was over, Mersiha said, she began crying again. She said in the interview that she was crying for her younger sister, not for herself. It did not matter. Mr. Lukic taunted her, she said. "What do you want to do to me?" he sneered. "Stuff me into a big artillery gun and shoot me to Turkey?"

Mersiha said Mr. Lukic fell asleep. Some soldiers knocked on the door and one of them shouted, "We know what you've got in there and we want it too." Mr. Lukic told them to go away.

Then Mersiha heard the voice.

"At about 3 o'clock, I heard a loud cry when the door across the hall was opened. The girl inside that room started to cry. I recognized the voice. It was my sister."

Mersiha has not seen or heard from her sister since that moment.

At about 5 A.M., Mr. Lukic ordered Mersiha to get dressed, and then, much to her surprise, he drove her home. Mersiha's terrified mother was waiting for her in the apartment building's entryway.

"I decided to not tell her that I was raped," Mersiha explained. "She was crying and asked me, 'Where is your sister and your friend?' I told her they were okay, they were just staying overnight. I didn't want to hurt my mother."

Mersiha and her mother stayed in Visegrad for a month more, hoping that Emina would be freed and sent home. Even though the town's Muslim population was under virtual house arrest, Mersiha's mother went to the police station almost every day. One time, a Serb policeman simply aimed his loaded gun at her and said, "Leave." Another time, she saw Mr. Lukic there.

According to Mersiha, Mr. Lukic said to her mother, "What do you want? At least I returned one of your daughters."

Bosnia Serbs Shell Muslim City in North

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — Forces of the Bosnian Serbs fired two surface-to-surface missiles into the besieged northern Muslim town of Gradacac on Sunday as Yugoslavia's military chief of staff pledged that the army was ready to fight for Serbs everywhere.

Sarajevo radio reported that two missiles hit the town amid an infantry assault. It was not known whether there were casualties.

Another, unconfirmed report said that the missiles were Scuds. If confirmed, it would be the first report that the Soviet-designed Scuds, which Iraq fired in the Gulf War, were being used in the Bosnian conflict.

Serbian forces have intensified attacks on Gradacac and on joint Muslim and Croatian lines around nearby Serb-held Brcko.

In a telegram congratulating President Slobodan Milosevic of Serbia on his re-election, General Zivota Panic, the Yugoslav military chief of staff, said the army was ready, "always and everywhere, to protect" Serbian people "subjected to unjust and unprincipled pressures."

He was alluding to Western contemplations of military involvement in Bosnia-Herzegovina, where outgunned and outmanned Muslim-led government forces are battling Serbs who control 70 percent of the republic's territory.

British United Nations troops in Bosnia came under mortar fire twice within hours on Saturday, an army spokesman said.

In the first attack, near the eastern town of Tuzla, one officer and two civilians were wounded. The second attack took place near the eastern town of Kladanj. Serbian forces fired three mortar shells at a convoy of four British armored troop carriers, the spokesman said. There were no casualties.

In Belgrade, Milan Panic, Yugoslavia's federal prime minister, after arguing for days that Serbian presidential elections held a week ago should be voided because of fraud, congratulated his opponent, Mr. Milosevic, on his overwhelming victory.

Mr. Panic said that he had spoken with the Yugoslav president, Dobrina Cosic, and that he might resign.

The telegram to Mr. Milosevic signaled an abrupt departure from his recent tone toward Mr. Milosevic, a hard-line nationalist whom Mr. Panic had assailed during the campaign as the figure bearing the bulk of responsibility for the violent breakup of Yugoslavia.

The election commission in Serbia, the dominant partner in what remains of Yugoslavia, announced the final results of its presidential election late Friday, five days after the polls closed. The figures indicated that Mr. Milosevic retained the presidency with about 56 percent of the vote while Mr. Panic received 34 percent.

Opposition leaders and Western election observers have said that fraud may have given Mr. Milosevic as much as 15 percent of his vote total. The allegations could not be independently confirmed.

(Reuters, NYT, AP)



Vincent Amalvy/Agence France-Presse

A resident of fuel-short Sarajevo carrying firewood he had chopped Sunday to heat his home.

New Links For Cuba And Russia

By Douglas Farah
Washington Post Service

HAVANA — Slowly and quietly, Cuba and its erstwhile ally, Russia, are rebuilding trade relations that could help President Fidel Castro stop his country's economic decline, according to officials and diplomats.

In the past, Cuba received nearly $3.5 billion a year in subsidies from the former Soviet bloc, and the new relationship would not come close to making up for that loss. But diplomats and analysts said the revived ties, while of a smaller order, were important economically and psychologically.

"Potentially it is quite significant," said Wayne Smith, a Cuban expert at the Johns Hopkins University School of Advanced International Studies. "The fact that Russia indicates it would like to continue dealing with Cuba must be rather reassuring to the Cubans."

With the Cold War over, Cuba and Russia view their ties largely in terms of what is economically, rather than politically, beneficial.

The countries' relations hit bottom in 1989, when the former Soviet Union cut off billions of dollars in subsidies.

Cuba owes Russia $25 billion. Given Cuba's lack of hard currency, trade and barter may provide the only hope for Moscow to recover any of that money.

A trade accord signed last month in Moscow could lead to increased trade of Cuban sugar and nickel for desperately needed Russian petroleum products.

"The new relationship is based on mutual interest," said Raul Taladrid, vice minister of economic development. "Russia realized it was absurd not to trade with us because our economies were so integrated, and now we are reaching a new kind of economic rationality."

He said that although commerce with Russia had been nearly paralyzed since 1989, Cuba now recognized that "we are a market and have things they need, not just sugar but things like nickel and citrus."

While all transactions are done at world market prices, the move could give Cuba, which faces a tightened U.S. trade embargo, a market for its goods.

"The ability to simply sell in Russia is a boon," said Andrew Zimbalist, an expert on Cuban economics at Smith College. "One of Cuba's main problems is getting into the world market."

He said that if the international attitude toward Cuba did not grow more hostile and there was no major political upheaval in Havana, the economy could begin a slow recovery in 1993. Mr. Zimbalist said Cuba's economy had shrunk 45 percent from 1989 to 1992.

Diplomats in Havana said the accord with Moscow also called for the Russian military to begin to pay rent for use of its electronic listening station in Cuba. The diplomats said at least part of the rent was to be paid in spare parts for the Cuban military, which was armed by the former Soviet bloc.

WORLD BRIEFS

Thailand Ends Khmer Rouge Trade

BANGKOK (Reuters) — Thailand has ordered an end to cross-border trading with Khmer Rouge guerrillas in compliance with United Nations sanctions against the insurgents, the government said Sunday.

The statement said an order signed by Interior Minister Chavalit Yongchaiyut would take effect Dec. 31. The order apparently will close the 27 crossing points on the Thai-Cambodian border and shut down the cross-border logging and oil trade, a key source of Khmer Rouge income. The sanctions were imposed by the Security Council on Nov. 30.

The Security Council imposed the sanctions to try to force the Khmer Rouge to re-join the peace process it agreed to with three other warring Cambodian factions in Paris in October 1991. The accord ended a 13-year-long civil war. But the Khmer Rouge has balked at disarming its troops and allowing UN peacekeepers to enter parts of the country under its control.

U.S. and Russia Meet on Arms Cuts

WASHINGTON (AP) — Keeping alive hopes for another missile-reduction treaty, Secretary of State Lawrence S. Eagleburger flew to Geneva on Sunday to meet with Foreign Minister Andrei V. Kozyrev of Russia on the last unsettled issues.

The goal is to resolve them and make preparations for Presidents George Bush and Boris N. Yeltsin to sign the START-2 accord after New Year's Day. The press agency Interfax reported that the site, Sochi near the Black Sea, and the dates, Jan. 2-3, have been selected. But a spokesman for the Foreign Ministry in Moscow has denied the report.

Mr. Eagleburger will meet Mr. Kozyrev on Monday and Tuesday, with the toughest problem in the context of the Strategic Arms Reduction Talks concerning what to do about hard silos for Russian SS-18 missiles that the United States wants destroyed and that the Russians would like to use for now-mobile SS-25 missiles.

Ethnic Fighting in Western Georgia

TBILISI, Georgia (AP) — The Georgian military command said Sunday that its forces had captured the strategic district of Ochamchira from separatist Abkhazian guerrillas. But the Abkhazian Republic's Defense Ministry said the Georgian offensive in the area was a "total failure."

The Georgian command said that 12 Abkhazians died in Saturday's fighting, while eight of its troops were killed.

Ochamchira lies between Tbilisi and the Black Sea city of Sukhumi, both of which are controlled by Georgian forces. Guerrillas have been active in the western district, blocking movement of forces and goods. Sporadic fighting was reported Sunday north of Sukhumi, the ITAR-Tass press agency said. There were no immediate reports of casualties.

Japan Takes a Beating in U.S. Poll

TOKYO (AP) — The number of Americans who think the U.S.-Japan relationship is not working well has risen sharply, from 38 percent a year ago to 59 percent now, a poll has found.

The poll, being published in Monday's editions of the nationally circulated Asahi newspaper, said that 47 percent of Japanese also feel the relationship "is not going well." The poll interviewed 2,350 people.

In analyzing the results, the Harris polling organization, which conducted the survey of 1,254 Americans, said that as concern in the United States focuses on the economy, "irritation toward Japan becomes aggravated." The poll found 52 percent of Americans want President-elect Bill Clinton to get tougher with Japan on trade, against 25 percent who want him to lighten up. Respondents were not questioned about specific measures Mr. Clinton might take.

5 Missing as Thai Hotel Pier Sinks

BANGKOK (Reuters) — Five persons were missing and feared dead Sunday after a hotel's floating pier overturned and pitched an estimated 400 party goers into the Chao Phraya River.

More than 400 people, most of them employees of a Japanese aluminum products company, were jammed onto the pier for a party over the weekend. Witnesses said the wooden-decked steel structure tilted under the weight and then broke in half.

The police said divers were searching the waters for a woman, a girl and three men. The harbor department said Sunday that the Menam Hotel had made illegal alterations to the pier that may have caused the collapse.

UN Afghanistan Aide Calls for Truce

ISLAMABAD, Pakistan (Reuters) — The UN special representative for Afghanistan appealed to warring Afghan leaders on Sunday to put aside differences so aid can reach to the war-shattered country.

Frequent outbreaks of fighting in Kabul among the fractious alliance of mujahidin parties that took power from the former Communist government in April have hindered UN efforts to provide aid to the capital, Sotirios Mousouris said at a press conference. "I therefore urgently renew my plea to all parties concerned to cease hostilities and permit the free movement of food and relief supplies provided by the United Nations," he said.

Thousands have been killed in fighting around Kabul in the last eight months, and disputes among the nine mujahidin chiefs on the Leadership Council have prevented the convening of a nationwide assembly this month to elect a new president.

For the Record

Niger's citizens have voted overwhelmingly in favor of a new constitution, paving the way for the country's first free elections since independence from France in 1960. *(Reuters)*

Official Tolerance Seen as Abetting German Violence

By Stephen Kinzer
New York Times Service

BERLIN — With a crackdown on rightist violence under way in Germany, six youths who were arrested in the eastern town of Frankenthal seemed candidates for stiff prison sentences. They had been caught storming a hostel for asylum-seekers, terrorizing inhabitants and screaming Nazi slogans.

But prosecutors decided to free the six, saying there was no evidence that they were radical rightists.

Several days later, a police officer in the western town of Koblenz was suspended after making statements that endorsed violence against foreigners.

As far-right violence spreads across Germany and people look for institutions to blame, the police and prosecutors are coming under intense public scrutiny.

Many Germans say that they think their law enforcement officers are dealing too leniently with violent rightists, and that such leniency has sent a subtle message of tolerance to those who attack foreigners.

The head of Germany's main Jewish organization, Ignatz Bubis, said recently that "police don't come down on the criminals quickly or strongly enough."

"Perpetrators of firebomb attacks are caught, their identities are noted, and then they are set free," he said. "The police aren't reacting at all."

After the novelist Ralph Giordano accused Chancellor Helmut Kohl last month of "unpardonable weakness in the face of rightist murderers," a Kohl spokesman was quick to reject the charge as "dishonorable slander."

But many Germans say that politicians like Mr. Kohl have contributed to a climate in which some police and prosecutors take rightist violence less than seriously.

They renewed their criticism after the chancellor declined to attend a memorial service for three Turkish Germans killed in a firebomb attack last month, and after he did not join a mass march against racism in Munich two weeks later.

Asked about the conspicuous absences, a spokesman said that Mr. Kohl did not want to become involved in "condolence tourism."

But the former Social Democratic leader in parliament, Hans-Jochen Vogel, noted that Mr. Kohl had not seen any problem in visiting the cemetery at Bitburg where many SS officers are buried.

"I have learned that symbolic gestures, when they are credible, can have a great impact on people's consciousness, more than reams of speeches," Mr. Vogel said.

Charges that the police have treated neo-Nazis too gently have been heard since the wave of violence began more than a year ago, but they reached a peak after the confrontation in August in the Baltic city of Rostock, which included a two-day siege of asylum-seekers hostels and several more days of street violence in which many terrified non-Germans barricaded themselves into their homes.

Instead of putting a quick stop to the violence, the Rostock police stood by and watched for hours.

By contrast, when Jewish protesters assembled in front of Rostock's city hall several weeks later, the police used tear gas to disperse the rally and arrested four people as they tried to unfurl a banner.

"Rostock was a disaster," said Cornelia Schmalz-Jacobsen, a member of parliament who is Mr. Kohl's chief adviser on matters relating to foreigners. "Police officers in our eastern states are not well trained, and sometimes they don't know how to react."

Many police officers in Eastern Germany served the former Communist government there, and were trained to deal with different kinds of crimes than those they now face.

Repression was heavy, and such offenses as telling a joke about a government leader brought harsh prison sentences. There were no large protest demonstrations or outbreaks of street violence, so the police had no experience in dealing with them.

The police in the West have been trained differently. They have been taught that police brutality was a factor in the rise of the Third Reich and that they should use violence only as a last resort.

TRAVEL UPDATE

Northwest Extends Winter Fare Cuts

MINNEAPOLIS (Bloomberg) — Northwest Airlines has extended by three months its airfare cuts of up to 43 percent on trips to Europe in an effort to bolster travel during the traditionally slow winter months. The cuts will expire March 31, the airline said.

Tickets must be bought at least 14 days in advance, are nonrefundable and require a Saturday-night stay. Purchase deadline is March 15, the company said. For example, a round-trip between Boston and Paris could cost as little as $398, 36 percent less than the usual Supersaver fare of $622.

Airport Expansion in South China

BEIJING (Reuters) — The southern Chinese city of Zhuhai will clear the way for an expanded airport on Monday by blasting away a small mountain with 11,000 tons of dynamite in what the Xinhua news agency called "Asia's biggest explosion project."

The blast will send "the shock of a minor earthquake" through Hong Kong, Macau and China's Guangdong Province, the news agency said Sunday. "Technical measures have been taken to buffer the magnitude of the shock from about 4 on the Richter scale to about 2.5," the Xinhua said.

Air routes were interrupted between Ankara and Istanbul and other airports farther east at Erzurum, Van and Diyarbakir because of snow and plunging temperatures. *(AFP)*

PROVISIONAL AIRPORT AUTHORITY
HONG KONG

EXPRESSION OF INTEREST

The Provisional Airport Authority has been charged with developing Hong Kong's replacement airport.

The largest single facility of the new airport is the Terminal Building which will be designed to handle 35 million passengers per year in its initial phase of development.

Included within the basement area of this building is a:

BAGGAGE HANDLING SYSTEM (BHS) which will automatically process departures and transfer baggage and deal with arrivals baggage.

The Authority wishes to prequalify suppliers of Baggage Handling Systems to supply, install and commission a system at Hong Kong's replacement airport.

Interested companies which have a proven track-record in Baggage Handling Systems supply and installation are invited to apply by fax for a set of prequalification documents to:

The Project Director,
Provisional Airport Authority Hong Kong,
25th Floor, Central Plaza,
18 Harbour Road, Wanchai
Hong Kong
(Prequalification for BHS)
FAX NO: (852) 824 3977
TEL NO: (852) 824 7377

Expressions of interest should be received by Wednesday 20 January 1993, 12 Noon. Prequalification Briefs will be issued immediately upon receipt of expressions of interest. The deadline for receipt of prequalification information will be Friday 5 February 1993. All submissions should be in the English language.

All costs associated with any submission in response to this notice are entirely the responsibility of the applicant organisation(s) concerned.

The PAA reserves the right to reject any application at its discretion and without explanation.

Switzerland and the EC: Frozen, but Not Dead

Adolf Ogi takes over the post of president of Switzerland for 1993 in the aftermath of a referendum earlier this month in which voters rejected membership in the European Economic Area, effectively vetoing a government-backed plan to move toward economic integration with the European Community. Mr. Ogi, 50, who is also minister of energy and communications, ran a chain of sporting goods stores and was vice president of the International Ski Federation before entering politics in the early 1980s. He discussed the referendum, and Switzerland's place in Europe, with Robert L. Kroon, an International Herald Tribune contributor.

Q. The Dec. 6 referendum amounted to a resounding disavowal by the electorate of your government's pro-European policy. What went wrong?

A. The defeat was not all that resounding. True, 17 out of 23 cantons turned us down, but 49.7 percent of the voters backed the European Economic Area, including 1 million Swiss Germans.

It was the older generation in the Swiss-German heartland that tipped the balance. Call it Euro-angst, the fear of an invasion of foreign workers, an 'I'm alright, Jack,' mentality, there was a bit of all that. The anti-Europe lobby mounted an early and effective scare campaign about surrendering sovereignty to Brussels, and I admit the government was late in mounting a counteroffensive.

There were extraneous factors as well, like the problems in such EC countries as Denmark, Britain and France with Maastricht. All that did not help.

●

Q. Nobody in Switzerland seems happy about the outcome, not even the victorious anti-European majority. How do you explain that?

A. I think the unexpected reactions at home and abroad surprised everybody. The dramatic split between the French-speaking cantons, which voted overwhelmingly for association, and German Switzerland traumatized many people.

After all, we had been a model of multicultural unity since 1848, an example, indeed, for the rest of Europe. Healing that split is one of my first tasks.

Then came the pro-Europe vote last week of Liechtenstein, our little twin brother in a 70-year-old economic union. And the Edinburgh EC summit, which clipped the wings of the EC Commission in Brussels.

Like the Danes, we are not wild about centralized European power structures. If we had held our referendum after Liechtenstein and Edinburgh, I believe the result would have been different.

●

Q. So where we go from here?

A. It was a hell of a shock to see all our European Free Trade Association partners leave us by the wayside. But I want to accentuate the positive. Economically we remain strong. Our temporary isolation may push unemployment from 5 to 6 percent next year, but even that is not bad by European standards.

In fact, Switzerland is more Euro-compatible than some of the EC's own member states, like Greece, for instance. Last summer the electorate did approve a multi-billion project for trans-Alpine tunnels, all for the benefit of European integration.

Anticipating our entry into the European Economic Area, we changed 61 basic laws to put us on a European wavelength. That new 'Eurolex' will remain mostly intact and the government will shortly introduce legislation to undo widespread cartelization. We will put the economy through a fitness course, so we'll be ready when the time is ripe.

Q. For what?

A. For association with the single market or outright EC membership. Say in five years or so. We hope Europe will be patient. We have put our membership application in the freezer, but we are not withdrawing it.

Meanwhile, I could very well imagine the United States and Japan taking a positive view of our special position in Europe. It may be politically and economically expedient to have a European partner that is outside the club. We could play a useful bridging role. In fact I have already written to President-elect Bill Clinton to pay us a visit.

MONDAY Q&A

TRANSITION / DEFINING A ROLE

★ POLITICAL NOTES ★

Special Elections to Put Clinton to the Test

WASHINGTON — By dipping four times into Congress to fill senior positions in his administration, President-elect Bill Clinton has assured that his political strength will be tested in special elections during the early months of his administration.

The most important battle will come in a Texas special election, tentatively set for May 1, to fill the seat vacated when Senator Lloyd Bentsen becomes secretary of the Treasury.

Governor Ann Richards, a Democrat, has been searching for an appointee strong enough to hold the seat against a Republican challenge. She said she would announce her choice in early January.

House special elections to replace Clinton appointees to the Office of Management and Budget and the Defense and Agriculture departments will take place in districts more favorable to the Democrats — but not without risks.

The chain reaction from the Bentsen appointment, the replacement of Senator Al Gore in Tennessee when he becomes vice president and other rumored resignations could add three or four more elections in the first spring of Mr. Clinton's presidency.

Initial appraisals in both parties point to the Wisconsin district of Representative Les Aspin, the secretary of defense-designate, as the most competitive battleground. That district has voted Republican in three of the last five presidential races. *(WP)*

Activists' High Hopes for Housing Appointee

WASHINGTON — The selection of Henry G. Cisneros, a former San Antonio mayor with a reputation for bringing together diverse groups, as head of the Department of Housing and Urban Development is being applauded by many housing activists.

Under the Reagan and Bush administrations, city governments, public-housing operators, apartment developers and others complained that they were virtually ignored by the housing department.

Mr. Cisneros and other cabinet appointees are not granting interviews until after congressional confirmation hearings, a Clinton transition spokesman said. But a variety of Cisneros associates have provided a glimpse of what his tenure might bring.

A member of the housing department's transition team, Marilyn Melkonian, said there was "a tremendous opportunity" awaiting Mr. Cisneros. She described "multibillions of dollars" appropriated to help the homeless and to provide rental housing and home ownership for low- and moderate-income people.

Ms. Melkonian, who was an official in the Carter administration, said the funds had not been used so far, "to some extent because of bureaucratic snarl across the board." Also, she added, the department's Republican leadership had not been "interested" in the programs for which the money was intended. *(WP)*

No-Holds-Barred Approach to Deficit-Cutting

WASHINGTON — When Representative Leon E. Panetta, Democrat of California, was 18, he got a credit card to buy gas for his car — and a beating from his father, who despised debt.

When it comes to the federal government's deficit spending, Mr. Panetta, who was selected by President-elect Clinton to head the Office of Management and Budget, shows his father's ire. Members of Congress and Washington budget specialists say Mr. Panetta is willing to attempt the unpopular in his drive to reduce the deficit.

"I always take the approach that everything ought to be on the table," he said.

That means considering steps as politically volatile as increasing the tax on Social Security benefits for upper-income recipients and raising the gasoline tax, something Mr. Clinton campaigned against but has said recently he would consider, Mr. Panetta said.

Mr. Panetta has also called for curbs on the health-care and retirement programs that make up four-fifths of the government's mandatory spending. In an interview with USA Today in September, he suggested limiting payments to hospitals and doctors and requiring recipients to make matching payments on health benefits. He also mentioned more taxes on the "wealthy" and a value-added tax.

Mr. Panetta generally has not been first to offer specific spending cuts or tax increases. But he has supported the politically risky proposals of others.

Quote-Unquote:

President-elect Clinton, on the microphones used by television and radio crews: "The boom mike has done what 12 years of Reagan-Bush appointments to the Supreme Court couldn't to abolish the right to privacy." *(LAT)*

Away From Politics

- **Twenty-eight Haitian refugees** who apparently came ashore on a power boat hours earlier were taken into custody after they were seen wandering around Miami, authorities said. They were handed over to the U.S. Border Patrol and taken to the federal Krome Detention Center south of the city pending deportation hearings, a U.S. immigration official said.
- **Four people were shot** and three otherwise injured in Seattle when fighting broke out after concert featuring the rapper Ice Cube, the police said. Three people with gunshot wounds were in satisfactory condition and a fourth man who apparently had been assaulted was in serious condition, officials said. No information was available on what became of the other people reportedly injured. Officers estimated that 30 to 50 shots were fired.
- **The number of New York families** waiting for city-run public housing has reached a record 240,000. That equals the total number of apartments managed by New York's Housing Authority. With about 4.5 percent of apartments becoming vacant each year, some people could wait 20 years, the newspaper said. The number of families seeking subsidized housing was 180,000 in 1990.
- **An airplane loaded with mail crashed** in Washington's Cascade Mountains, killing the pilot and strewing more than a ton of letters and packages across a snowy mountainside, authorities said.
- **Trapped by fire and dense smoke,** three workers at a power plant in Newark, New Jersey, suffocated in a noxious cloud, unable to crash through thick windows to safety. The cause of the fire is under investigation.
- **A waiter hit a $3.5 million jackpot** on a slot machine in Reno, Nevada, and immediately quit his job at an exclusive San Francisco men's club. "I told them I won't be serving on New Year's Eve," said Tom Sweet, 41, who left a message on the answering machine at the Bohemian Club because it was a holiday.

NYT, AP, Reuters



Steve Jaffe/Reuters

Mr. Clinton, his eye on the camera, hugged his golf partner before they teed off for a game at a country club in Little Rock, Arkansas.

This Cabinet Leaves Vision to the Chief

Choice of Aides Signals the Active Part Clinton Means to Play

By Thomas L. Friedman
New York Times Service

WASHINGTON — The most striking thing about President-elect Bill Clinton's cabinet is not so much the jobs he has assigned others, but rather the jobs he has reserved for himself.

The way Mr. Clinton has constructed his cabinet is in keeping with how he ran his

NEWS ANALYSIS

campaign: He has included representatives of many views rather than choosing between rival schools of thought within the Democratic Party. And instead of naming conceptualizers to important economic and foreign policy posts, he has chosen competent musicians and reserved the roles of composer and conductor for himself.

"What that means," said Thomas E. Mann, director of governmental studies at the Brookings Institution research organization, "is that the success of the Clinton presidency rests squarely on the president and less on the rest of his administration. If there is a unifying theme to this cabinet, it is Bill Clinton at the center — someone who will have to be, and clearly intends to be, very active, not passive."

By the nature of his cabinet choices, Mr. Clinton has in effect assigned himself the main roles of chief policy architect, articulator and arbiter.

Other presidents have played all three roles, but this has not been the standard in recent years. Ronald Reagan delegated large areas of responsibility to others, and often let rival factions fight it out. George Bush relied on key aides, including Secretary of State James A. Baker 3d and Housing Secretary Jack F. Kemp, to provide the "vision thing" for domestic and foreign affairs and virtually ceded his Justice Department to right-wing Republicans.

The arrangement will put pressure on Mr. Clinton to signal clearly which path he wants to follow of the many approaches his cabinet choices reflect, Mr. Mann said.

The way that Mr. Clinton managed the tensions involved in building a cabinet "that looked like America," as he put it, could be a harbinger of his administration. He had to negotiate a mine field of demands from environmentalists, women's groups and minorities to get a cabinet of the proper mix, while at the same time not appearing to be a captive of special interests.

During his search for an attorney general, women's groups, which were determined to reserve that chair for a woman, lobbied publicly and privately for their favorites and coalesced around Brooksley E. Born, a Washington lawyer. Although her selection appeared all but assured on Wednesday night, Mr. Clinton suddenly chose Zoe Baird, whose name had not appeared on any of the lists of women's groups. Her selection won high praise from legal experts, but it was not clear whether it resulted less from her qualifications than from a desire to demonstrate a degree of independence from the special-interest advocates.

"Like most successful politicians, Clinton has a coalition in his brain," said Ben J. Wattenberg, a former speech writer for President Lyndon B. Johnson. "You can carve his cerebrum down the middle and there is his anti-war, Hillary Clinton, liberal left lobe, and the 'new-kind-of-Democrat,' advocating responsibility, moderation and you-can't-get-something-for-nothing right lobe."

While Mr. Clinton shares the goals of many of the interest groups, he is also aware of the dangers of ceding parts of his administration to elements of the coalition that elected him. His tactic in shaping the cabinet was to try to satisfy them in general — appointing a woman as attorney general, for instance — but not in particular — by appointing his own woman.

A less visible factor shaping his choices seems to have been his application to cabinet-making of the principle that only Richard Nixon could go to China. Whereas many presidents choose cabinet members who will not be advocates for the special interests that lobby their departments, Mr. Clinton has chosen a number of such advocates, precisely on the assumption that only they will be able to pacify their constituencies while pushing through Mr. Clinton's agenda.

That is the logic behind his appointment of Senator Lloyd Bentsen, Democrat of Texas, to be Treasury secretary and Representative Leon E. Panetta, Democrat of California, to be director of the Office of Management and Budget.

Other Clinton nominees seemed to be not advocates of the agencies they are taking over but rather infiltrators, who Mr. Clinton hopes will infect the departments with new ideas. This would seem to apply most to Representative Les Aspin of Wisconsin, the former chairman of the House Armed Services Committee who is the defense secretary-designate.

Republicans seem to be of two minds about the Clinton cabinet. On the one hand they note that his promise to appoint a Republican to give his team a bipartisan air was ignored. On the other hand, Republicans almost seem relieved. They had worried that Mr. Clinton might be immune to traditional Democratic Party special-interest pleadings and break the mold of politics as usual by appointing a cabinet with entirely fresh faces chosen purely on merit.

"But when you look at his cabinet," said Kevin Phillips, a Republican political consultant, "it does not look like America. It looks like the 43 percent of America who voted for Bill Clinton. I don't see Republicans or Perot voters represented there at all, and one could argue that blacks, Hispanics and left-wing ideologues are overrepresented."

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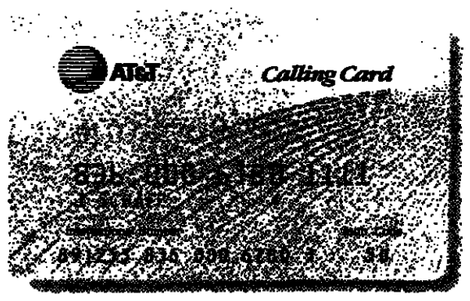
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The Freedom to Move But Do Benefits Follow?

PARIS

Lucien Wackenheim says that, as an Alsatian whose generation was divided by warfare between France and Germany, he welcomes the European single market and the renewed sense of unity it will bring.

But as president of an association that represents more than 2,500 French people who work across the border in Germany he has reservations, because he says the single market fails to harmonize social benefits from one country to another.

Mr. Wackenheim put his finger on one of a host of reasons why there is unlikely to be a mass migration from one EC country to another after freedom of movement theoretically becomes complete Thursday at midnight.

"On Jan. 1, the frontier workers will become European workers," Mr. Wackenheim said. "But this will not remove many anomalies."

For example, the workers will continue to pay taxes in France, including a special social security tax, even though they are covered by the German rather than French social security system. The rows of neat houses near the border attest that the border workers are relatively well paid, but at the same time they do not receive some social benefits applicable to workers in France.

The European Consumers' Organization agrees that social security conditions differ so widely that this could be an impediment to the single market freedom for citizens to take up employment anywhere in the Community. Discussions about harmonizing social security standards have come to naught, with Britain in particular rejecting the social chapter of the Maastricht Treaty on European Union.

The result is that arrangements on health care, unemployment, pensions and other social benefits are regulated by bilateral agreements between countries rather than by Community action. Just as benefits can vary from one country to another, so can the costs to employers, making it difficult to create the "level playing field" that is supposed to make trade competition easier in the Community.

"A directive designed to lay the foundations for the equal social security treatment of all EC citizens has not advanced very far," the consumers organization said.

For those who pull up stakes and move to another country — unlike the border workers who live in one country but are employed in another — the rules are clear. They come under the social security, pension and taxation regulations of the country in which they choose to reside.

But when they retire, their freedom of movement may be curtailed. If they want to move to the sunnier climes of Spain, for example, they will have to show proof that they will not become a burden on the state before being granted a residence permit.

A Belgian moving to Spain to retire would claim his state pension in Spain, which would then be refunded to the Spanish government by the Belgian government. He would receive the higher Belgian level of pension rather than the lower Spanish one.

"But if you are contributing to a private pension fund with an employer contributing part of it, you cannot move that around," said Virginia Graham of the consumers organization. A Briton with such a private pension plan cannot go on making contibutions to the plan if he moves to France. "That's a disincentive to job mobility," Ms. Graham said.

The single market act is intended to promote the maximum freedom of movement of people, goods and capital. This gives citizens the right to work in another Community country or to spend up to three months (six months in Britain) looking for work.

Rules for the mutual recognition of diplomas in many professions will not be place by Jan. 1, however, and some will find it difficult or impossible to follow their chosen callings.

As for moving around the Community, travelers still need to keep their burgundy-colored EC passports with them for a while longer. Countries that signed the Schengen agreement (France, Germany, the Benelux countries, Italy, Spain and Portugal) have agreed to put into effect a "border-free Europe," but it will not be ready by the symbolic Jan. 1 date. Nevertheless, frontier controls in much of the Schengen territory already consist of little more than spot checks.

Greece signed the Schengen agreement but will not open its barriers yet. Britain, Ireland and Denmark have not signed the accord. In London, Home Secretary Kenneth Clarke said bluntly that Jan. 1 will not be "of any practical significance" as far as British travelers are concerned.

Europeans moving to another state will still need to obtain residence documents and working papers immediately, and new driving permits within a year.

—BARRY JAMES

Air Fare Alert: Do Not Prepare for Descent

Governments Can Get Around Deregulation

By Barry James

PARIS

Stanley Crossick has one big question about the European Community's third package of airline deregulation coming into effect on Friday: How much will fares come down?

Like many frequent fliers in Europe, he fears the answer is not very much — and perhaps not at all as far as he is concerned.

Although Lufthansa led the way earlier this month by announcing fare cuts of up to 30 percent on certain flights, Mr. Crossick says, "those offers are usually on flights I never want to travel on. Unless I succeed in benefiting from them, I won't get excited."

Mr. Crossick, who is chairman of the Belmont European Policy Center, a Brussels think tank, takes well over 100 flights every year, usually sitting at the front and reluctantly paying the higher business class fare. "I need the flexibility," he explains.

"The fundamental problem," Mr. Crossick contends, "is that the fares are so constructed that the business traveler is subsidizing the nonbusiness traveler."

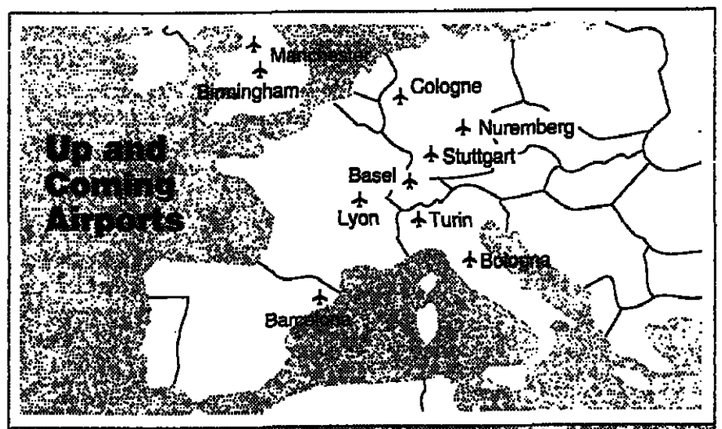
Starting Jan. 1, airlines will theoretically be free to set their own fares, which will automatically go into effect provided the country of destination does not object within 14 days.

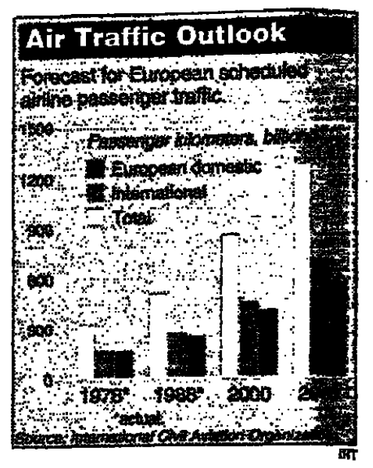
But EC governments can object if fares are held to be either low enough to be deemed "predatory" or so high that they constitute abuse of a dominant market position. Experts say that, in effect, fares are unlikely to deviate much from a central band, apart from special offers to fill empty seats on unpopular flights.

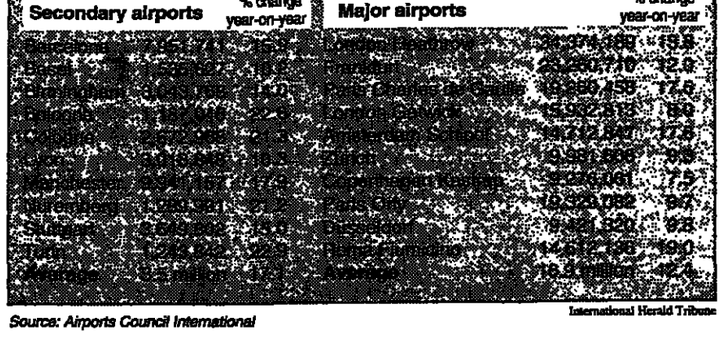
The European Consumers' Organization in Brussels says that overall fare levels are unlikely to fall. "Although prices will be liberalized," it said, "the safeguard provisions of the regulation will make it easy for governments to continue pursuing high air fares in order to protect their national carriers. The regulation stipulates that reductions in fares should not substantially deviate from normal seasonal variations, which effectively rules out scope for price cuts."

The fact is, one analyst said, that "a lot of the airlines are losing their shirts, so it would surprise me if there were massive decreases in overall fare levels."

Mr. Crossick, noting that fares in Europe are at least twice as high as in the United States, called the whole structure of business fares "a terrible con."







Source: Airports Council International

He said that business travelers will continue to have to pay heavily for unwanted frills and meals that are considered an option in the United States. "I would sooner spend the money on a decent meal in Comme Chez Soi," he said, referring to one of Brussels's best restaurants.

He said the situation will not improve substantially until subsidies are wrung out of the system and countries give up the idea that they absolutely must have a flag carrier.

The fare structure, he said, "is impossibly complicated" and riddled with anomalies. For example, London to Copenhagen via Brussels costs about the same as Brussels-Copenhagen direct. Mr. Crossick therefore buys his ticket in London and uses it for separate flights, Brussels-Copenhagen one day and Brussels-London on another day.

Starting on Friday, airlines will be allowed to pick up passengers in an EC member country other than that where they are based, and fly them to another destination in the same country, provided these passengers do not take up more than half the seating. Thus, British Airways will be able to fly London-Paris-Nice, picking up passengers in Paris for the final leg, a practice known as cabotage.

This falls short of what a free-marketeering minority of carriers spearheaded by British Airways had sought: total deregulation, allowing airlines to establish services wherever they wish in the Community. This will not happen until 1997, when full deregulation is planned.

British Airways, privatized and profitable, meanwhile, has acquired 49 percent shares in both the French carrier TAT and the German carrier Deutsche BA, to enable it to compete on their home turfs with its state-owned rivals, Air France and Lufthansa.

Mr. Crossick said he welcomes the cabotage ruling, because it will increase the frequency of services at many regional airports, and thus assist the integration of the Community. For example, he said it would be convenient if it improves the once-a-day frequency of flights between Brussels and Strasbourg, where the European Parliament sits. He said the change will not be so convenient, however, if it is accompanied by a move to the hub and spoke system used by U.S. carriers, and fewer direct flights.

The EC Commission hopes the new rules, by allowing airlines to establish new routes with relatively little formality, will strengthen regional services. A number of regional airports — including Birmingham, Manchester, Lyon, Turin, Cannes, Bologna, Stuttgart, Hamburg and Barcelona — have upgraded facilities or are in the course of doing so with the intention of improving intra-community or international services.

Although small airlines should find it simple to establish services from one regional airport to another, it will be considerably harder for them to compete against the major carriers at capital city airports. This is because the existing carriers are insisting on what are known as "grandfather rights" to take-off and landing slots. Virgin Atlantic Airways, which is seeking to start services to Paris and Brussels from London, has complained to the EC Commission about being frozen out of slots at London's Heathrow Airport by British Airways.

The European Consumers' Organization says that despite the deregulation, airlines will continue to act as a virtual cartel in fixing fares through interlining discussions, thus escaping the full weight of the EC's anti-trust legislation.

For all the shortcomings of the deregulation package, however, Keith Veenstra, in charge of political affairs at the Association of European Airlines, said people should judge the reform by what has been accomplished rather than what might have been.

"Cast your mind back to 1985, when airlines had to engage in lengthy bilateral negotiations before they could add a few seats to a busy route," Mr. Veenstra said, "and then compare that with what is happening on Jan. 1."

"It's a very significant achievement."

'We'll Wait and See What Happens'

Wolfgang Müller, one of three owner-managers of Zweitausendeins GmbH, a music, videocassette and book chain and mail order house, is no Euroskeptic but no Euro-enthusiast, either. Despite a futuristic name that means 2001 in German, Zweitausendeins has no special expectations of the single market. With 200 employees and less than 100 million Deutsche marks ($62 million) in annual sales, Zweitausendeins has been content to grow slowly inside Germany and dabble in business with Switzerland and Austria. Mr. Müller spoke with Brandon Mitchener of the International Herald Tribune.

Q. In general, how will the creation of the EC single market as of January 1st affect your business?

A. I'm sorry to disappoint you, but I don't think it will change our business at all.

Q. Does the date carry any special meaning for you?

A. No. If we had found someone to do business with in Spain three or four years ago, we would have done it. Likewise, if we recognize in 10 or 15 years that the world is screaming for our discount compact disks, we'll probably do something about it. But first of all we're going to wait and see what happens.

Q. Most of the music you sell, discount and offbeat, doesn't have anything to do with Germany. And music accounts for most of your revenues. Aren't you worried about new competition, or else tempted to expand abroad yourselves?

A. I know a couple of foreign companies that try to sell books and records here, in Berlin and Frankfurt, and I don't think they're doing that well. The stores are first-class, but I don't think they're very profitable. In general I don't think there are very many successful international transplants of companies involved in the marketing of culture. Yes, a big company like Bertelsmann can do it, and successfully, but we are a small company. We founded a store in the U.S. once, in fact, but we didn't keep it long. Zweitausendeins is run by three people. We are routinely surprised how successfully we sell others the music and books that we ourselves find interesting. We're lucky, though, and we're not so sure we'd have the same luck in other places.

Q. What do you see as the main obstacles to expansion in Europe? Your small size? Or the language barrier?

A. For our small size, we already have more than enough to do. We are happy to be profitable, but we don't want to grow at any price. We have nine stores in Germany now and are opening a 10th store in two months. As for the language, we don't know Italian, so this market is no market for us. If someone there were to approach us with a business proposal, and he were serious and we trusted him, we might consider something. No one has approached us, though. Also, we communicate our messages, our advertising, by way of words, sometimes playing with words, and those messages can't always be translated into other cultural contexts.

Q. Are there other major obstacles?

A. Other countries' local laws are sometimes very complicated, and we don't know how much they will change. Some of our suppliers, for example, sell us certain musical collections with the stipulation that we only sell them in Germany. Maybe they will offer us new contracts next year to reflect the changes in the EC, but it hasn't happened yet. There are also a number of records that we sell here that we wouldn't be allowed to sell in France, for example, some concert and live recordings. Some of them can't be sold in Switzerland, either, or in the Netherlands. This has to do with intellectual property rights. But frankly, we just don't know enough.

Q. Have you made any serious attempt to investigate the opportunities for expansion in the EC?

A. Another of the board members sits in on a seminar on changes in the EC. But we haven't requested any information. We're interested, but we don't have any plans in that area.

Most German Companies Expect They'll Take the Changes in Stride

FRANKFURT

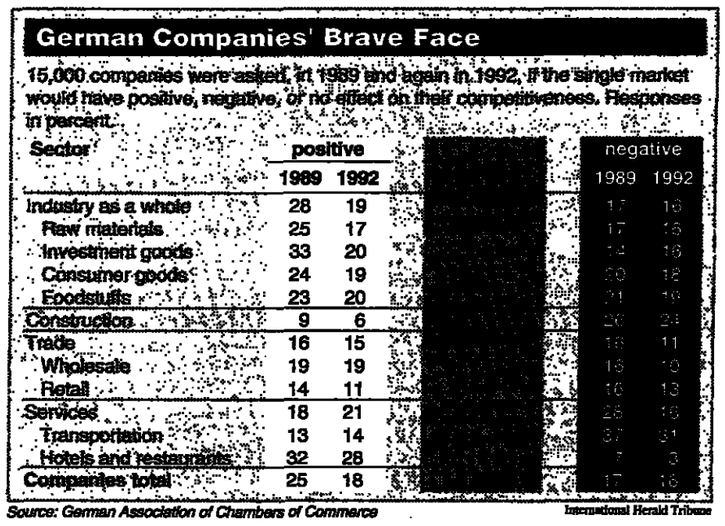
About two-thirds of German companies think they are prepared to take the creation of the single market in stride, while the remainder are evenly split between companies that see greater opportunities and those that see greater worries ahead.

Unrestricted access to other European markets is generally thought to be the greatest single benefit of the trade liberalization. On the flip side, an increase in competition in Germany gives some companies cause to worry because foreign price competition will be hard to match. German production costs are among the highest in the world and are relatively inflexible.

Liberalization will probably bring the biggest headaches to companies that were dependent on public procurement, which historically has favored local suppliers.

According to a survey of 15,000 companies by the Association of German Chambers of Commerce, 46 percent said they had taken special measures to prepare for the single market and had increased marketing efforts. The survey, taken in April, is the most recent by the association, which previously had surveyed the companies in 1989.

Relatively few German companies are considering shifting production to cheaper locations abroad, although the percentage that favors this option is growing. Eight percent of the German companies surveyed consider shifting production a first step to increased competitiveness, up from 5 percent in the last survey. Among industrial companies, the percentage increased from 5 to 11 percent.



Foreign Havens For U.K. Vices

Reuters

LONDON — Britain's heavily taxed smokers and drinkers are set to storm foreign ports for cheaper goods after the European Community's single market starts Friday, depriving state coffers of millions of pounds.

Tens of thousands of day-trippers are booked on ferries over the Channel to France and Belgium in early 1993.

Britons pay around 31 pence (48 cents) in duty on a pint, or half-liter, of beer. In France it's a mere penny.

Cigarettes, £2.20 ($3.37) a pack in Britain, or a £3 bottle of wine cost under half that in France.

"Just one trip by a couple to buy ... liquor at French hypermarkets will save them £350, even after paying for the return Ferry fare and buying a nice lunch for two in Boulogne," the Sunday Times newspaper said.

This kind of behavior means billions in lost business each year for British brewers, pubs, tobacco companies and liquor stores.

Britain's Treasury says it may lose £250 million in 1993 alone in excise duty revenue, which brought in £11 billion in the year to the end of March 1992.

Retailers and brewers fearing for their business have been unsuccessful in urging the government to cut British duty rates to bring them more into line with neighboring countries.

A Financial Market Without Frontiers? Many Aren't Banking on It

By Jacques Neher

GRETZ-SUR-LOING, France

Carole Gieu imagines it will be a long, long time before she opens a checking account at a British or Italian bank, though the single market for financial services is dawning.

"It's a question of habit," said Ms. Gieu, who runs a café and grocery store in this 12th-century village on the edge of the Fontainebleau forest. "I've got so many familiar French banks to choose from if I ever wanted to switch. Why would I go to a foreign bank I've never heard of?"

It is even harder for her to contemplate buying an insurance policy from a Dutch or German company. Here, the issue of familiarity is compounded by concerns over trust, proximity and service, particularly in obtaining prompt claims settlement.

"Already, French insurance companies find every reason in the world not to pay out on claims," Ms. Gieu said. "With a foreign company, you'd have that problem plus the distance between you and the company."

Indeed, many consumers appear to show little enthusiasm for the single market when it comes to the emotional issue of who they will trust to invest and manage their money, and they are skeptical that they will ever see the supposed benefits of competition — lower prices, higher returns and better service.

Their feelings are shared by many professionals in the financial services industry who characterize the launch of the single market for financial services as a "nonevent." They predict that banks, insurance companies, stockbrokers and investment fund managers, constrained by economic, institutional and cultural barriers, will be unwilling to venture across borders to compete for consumer business, even though they will have the freedom to do so.

With the launch of the single market, banks will be the first to benefit from a "single passport" that permits institutions that are authorized to operate in any one of the 12 countries of the European Community to freely open branch operations in any of the 11 other markets. Consumers would be able to open accounts and avail themselves of the bank's full range of financial services. A similar passport for personal life and nonlife insurance goes into effect on July 1, 1994, and for stockbrokers and other investment services in 1996.

In theory, gaping price disparities would be closed as consumers take their financial business to the company providing the best service and lowest price. Life insurance in Portugal, for example, can cost consumers 10 times as much as in Britain or the Netherlands, while premium prices in Spain and Greece typically cost two or three times as much.

But in practice, even the single market's biggest cheerleader, the EC Commission, acknowledges that consumers may face a long wait before such competition materializes.

"Things won't change overnight," said a spokesman for the commission's division that is responsible for drafting the financial services directives. "All we've done is provide a legal environment for competition."

Part of the problem is that European consumers don't yet feel European in terms of their personal finances. In France, for example, consumers have been free to open accounts in foreign currencies for two years, but Monique Delon, a foreign exchange officer at Société Générale, the big privatized bank, said she knew of "hardly any" noncommercial clients that had opened such accounts. "French people need francs," she said. "Why should they hold other currencies?"

'Why would I go to a foreign bank I've never heard of?'

Carole Gieu, a French shopkeeper.

She said the situation could change if, for example, the European currency unit became more common in daily commerce, or if the banks were permitted to pay interest on the foreign currency accounts.

In addition, the European Consumers' Organization in Brussels says effective cross-border payment systems are needed before consumers can take advantage of European banking. It is lobbying for regulations forcing banks to post all the fees, commissions and delays involved in currency transfers. Currently, cross-border payments can take several weeks, with fees often eating up a large portion of the amounts transferred.

Even if consumers were more open to foreign banking services, foreign banks will find most of the major markets over-banked, leaving them no room to squeeze in.

"France has 25,000 banking windows, and that's not counting the post office and savings institutions, which account for many thousands more," said Claire Castagnou, spokeswoman for the French Banking Association. "If foreign banks want to attack the private market, they'll have to look to the high end, but they'll find plenty of competition there, too."

It's not going to be easy."

With proximity to the consumer so important in banking, a foreign newcomer would either have to establish an extensive branch network from scratch or else purchase an existing network — both of which are beyond the means of most institutions, even in good times. And these are hardly good times, with banks throughout Europe suffering from soured real estate investments and the general economic slowdown.

"The single market in banking comes at a time when banks can't afford to take advantage of it," said Martin Cross, banking analyst with Warburg Securities in London.

"The barriers of cost can't be redressed by any directives."

Up to now, most cross-border action so far has focused on business or consumer market niches. For example, Britain's largest clearing bank, Barclays Bank, has targeted only high-income clients in France, through its acquisition of Européenne de Banque. It has 71 branches and plans to open 40 more in the year ahead.

Even in niche strategies, however, cross-border ventures are fraught with structural obstacles that the single market won't resolve. Barclays, for example, tried to introduce interest-bearing checking accounts in France this fall, but it had to pull back and restructure the product after the Finance Ministry ruled such accounts would harm French banks and the French economy.

In the insurance sector, there have been a host of cross-border acquisitions and share swaps over the past few years, but there is little indication the industry is eager to operate on a pan-European basis.

"I'm very skeptical of the single market for this industry," said Andrew Goodwin, insurance analyst with UBS/Phillips & Drew in London. "The changes will be very minimal, and over a long term."

He noted that although the European market for business risk insurance has been open since July 1990, "there has not been much increase in business across borders, certainly in no way that is measurable."

To establish cross-border operations in insurance, he said, would-be providers would have to invest heavily to establish a local claims service. They also would have to solve a difficult distribution challenge, as agent networks are often controlled or beholden to existing domestic insurance companies.

Even if those hurdles could be jumped, unfamiliar foreign insurers would have to solve the challenge of quickly building consumer trust and confidence. "It will take a long time before the British will consider buying a life insurance policy from a French insurance company," Mr. Goodwin said.

Consumer demand is also a big uncertainty in the investment services market, to be opened in three years. Under the passport concept, a broker authorized to trade on the Paris Bourse, for example, will be allowed to plug into the Bourse from his trading screen in Germany and execute orders on behalf of German clients.

Even if consumers were open to foreign banking services, foreign banks will find most of the major markets over-banked.

With such a system in place, individual investors would be able to easily trade on any European market they want.

But in practice, observers wonder how much small investors will be willing to wager on stocks and bonds of other countries. In France, few individuals play even the domestic market, most preferring to invest in high-yielding money-market funds.

Another indication of what may come can be seen in the very low interest in Europe for foreign investment funds following the 1989 directive establishing a European passport for mutual funds. Investment fund management companies have shied away from cross-border marketing activities, explaining that sharply differing tax regimes and investment habits make funds that are attractive in one country quite unattractive in another. For example, British investors are accustomed to unit trusts composed almost entirely of equities, while French and German investors expect their funds to be heavily weighted in bonds.

"It would be wrong to look at Europe as one looks at the United States," said Gavin Grant, public affairs director for the Unit Trust Association in London. "We're really quite far from a real single market."

EUROPE'S SINGLE MARKET / NO MAGIC WANDS



Euroshopping? 'Don't Spend More Than You Can Afford to Lose'

By Philip Crawford

PARIS

Nicholas Thaw, an architect living in Scotland, had decided on the Ford Fiesta as the best new car for his family. After studying automobile prices throughout the European Community with the help of various consumer magazines, he discovered that the model he wanted sold for an average of 32 percent less in France. He investigated buying the car there and importing it back home.

That's when the problems began.

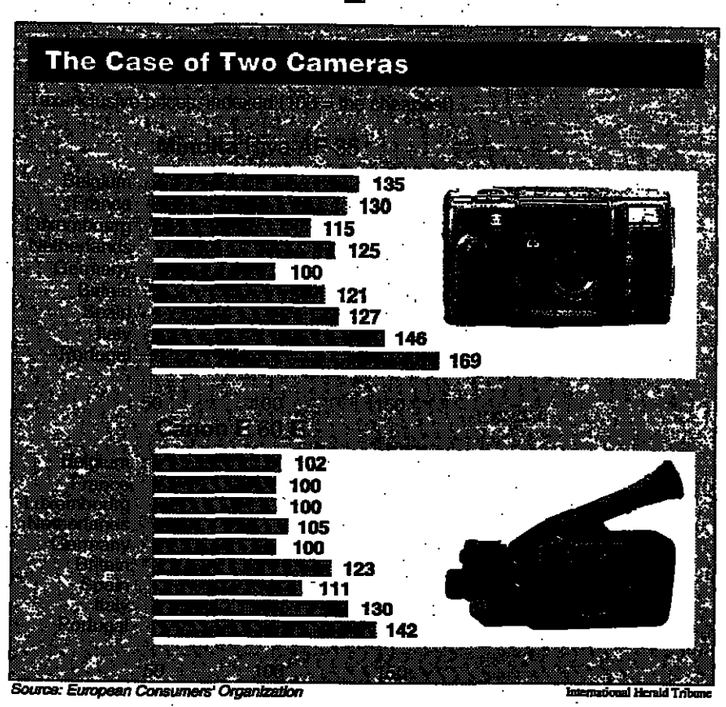
"The French dealers I spoke with were openly hesitant about selling to a foreigner," says Mr. Thaw. "And I got a lukewarm reception from dealers in Scotland when I asked if they would honor the warranty of a car bought abroad. Finally, when I saw the layers of bureaucracy I'd have to wade through to get all the paperwork done, I decided it wasn't worth it. I kept my old car."

Experiences such as Mr. Thaw's illustrate why few experts think 1992's final stroke of midnight will magically unify the Community's widely disparate consumer prices. A lack of Community-wide legislation regarding redress for faulty or tainted merchandise, collusion among retailers to keep prices high, and insufficient consumer information channels will douse the hoped-for ideal of freewheeling Euroshoppers winging their way through a borderless buyer's market, consumer market analysts say.

The best scenario that pundits seem to hope for, in fact, is that Jan. 1 will provide a jumping-off point for a slow, gradual streamlining of prices.

"The single market's effect on price uniformity will be one of evolution, not revolution," says Roel Gooskens, an Amsterdam financial analyst who tracks consumer trends.

Price disparities for a wide range of goods continue gaping wide in the Community, according to the Brussels-based European Consumers' Organization. Recent studies show, for example, that video cameras of various brands — including Sony, Siemens and Fischer — cost an average of 40 percent more in Spain than in the Netherlands. A set of high-quality stereo loudspeakers is estimated to be twice as expensive in Italy as in Portugal.



Source: European Consumers' Organization — International Herald Tribune

And Ford apparently is not the only make of automobile to suffer from EC price schizophrenia: A 1992 Peugeot 3-door 205 that sells for 7,205 ECU ($8,860), pretax, in Portugal, has an average sticker price of 9,597 ECU , or about 33 percent more, in France, the consumers organization says.

"Varying levels of competition in member states, market fragmentation and uninformed consumers are all reasons for the price disparities," notes Laura Mosca, chief economist for the Brussels consumers group. "Different value-added tax rates also play a part, but you can't blame everything on the VAT. Some countries have comparatively low prices for some types of goods but high prices for others."

James Cornish, a European market analyst for County NatWest Securities in London, offered another reason for the price gaps. "I think there are unofficial cartels among retailers to keep prices high in their home markets," he said. "Nothing formal or illegal, but agreements nonetheless. Retailers know the potential hassles of buying abroad and they hope consumer wariness of such problems will keep them buying at home."

Indeed, if an Irish couple on holiday in Germany, for example, came upon a good price for a Japanese camera they coveted, a host of issues would confront them: Would authorized dealers in Ireland honor the warranty if the camera needed repairs? If not, what would be involved in sending the camera back to Germany, or even to Japan to have it fixed? And the ultimate question: Would the amount of money saved on the purchase price be worth the aggravation that might follow if the camera didn't work once the couple returned home?

Such realities may render the majestic single market concept a sham, consumer advocates fear. "The ideal is that consumers can have confidence, but that unfortunately is not the way it is," said Stephen Crampton, secretary of the London-based Consumers in the European Community Group. "There's absolutely no system of cross-border redress. If you're buying abroad, we recommend a race-track mentality: Don't spend any more than you can afford to lose."

Automobile dealers, in fact, are required by law to honor the guarantee of a same-make vehicle purchased in another member state and to keep standard price differences within a range of 12 percent. They are also forbidden to adopt policies, officially or otherwise, that would restrict the ability of consumers to import vehicles across EC borders. But the European Consumers' Organization says that all three stipulations, which are part of an EC regulation that exempts the motor industry from Community competition rules, are being widely ignored.

To boot, says Ms. Mosca, some national authorities may be intentionally helping out their own dealers by creating a morass of red tape for prospective cross-border buyers. "Things will be no different" after Jan. 1 "than they were several years ago," she said.

One thing that will happen beginning Friday is a modicum of VAT harmonization. But analysts say widely varying excise tax rates may mitigate any possible narrowing effect on price gaps. Standard VAT rates must be at a minimum of 15 percent for all EC members by the first of the year, although there is no mandatory ceiling. The average rate is currently 18 percent, with Germany the lowest at 14 percent and Denmark the highest at 25 percent, according to the EC's VAT office in Brussels.

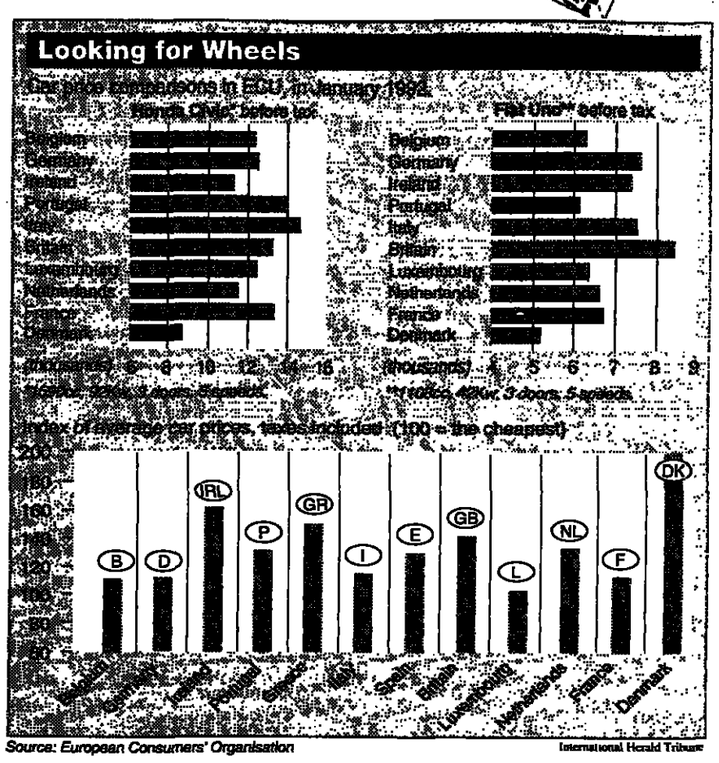
For most goods, consumers pay the VAT rate that applies to the country in which a purchase is made. Motor vehicles are the notable exception, with the VAT on a cross-border auto purchase being that of the buyer's country of residence.

Of course, some EC residents, those who live near borders, actually can take advantage of price disparities in their geographic regions. Every weekend, hypermarkets in England to take advantage of lower prices in France for wine, distilled spirits and cheese. There's much the same scenario in Puttgarden, Germany, the shopping destination for Danes who hop the boat across the Fehmarn Belt to buy cameras and compact disk players.

And in the southeastern Belgian town of Arlon, there's a daily influx of shoppers from Luxembourg who have made the short drive to benefit from the comparatively low food prices.

But the majority of EC residents would be well advised not to expect as much from the dawn of 1993, say experts, since a truly competitive Community-wide market appears to be years away.

Mr. Crampton summed up the prevailing sentiment: "For consumers, the envisaged benefits of the single market won't materialize overnight. This is a long-term project."



Source: European Consumers' Organisation — International Herald Tribune

For Outsiders Living in the EC, This Is No Passkey

By Barbara Rosen

PARIS

Hans Claudius Taschner tells the story of a Russian woman on a German visa who decided to visit Strasbourg with her German boyfriend about 18 months ago. No one checked them at the border. But when they drove a bit out of town, the French authorities stopped them and asked for their papers. She got into trouble for being in France without a French visa. He was fined 1,500 francs, about $280, for helping her infringe French law.

What does the single market mean for them? If they try it again after Jan. 1, the same thing could happen, says Mr. Taschner, a principal adviser to the EC Commission. But in a few years or so, the short-term visa she gets to visit Germany should also be good in France.

Generally speaking, the coming of the single market will make only limited difference to residents of EC countries who are citizens somewhere else, especially in the immediate future. It affords them the same thing it affords EC citizens: the physical freedom to move uncontrolled across some, though not all, EC borders. But they won't necessarily be legal in the place they've crossed to. At least in the early days, short-term visas will still be a state-by-state affair. And longer ones, like work permits and passports, seem set to stay that way.

For the Japanese — who as tourists can already visit any EC state without a visa — "basically, I think it's no difference," says Masaki Abe, vice-consul at the Japanese consulate general in London. For Mexicans, who need visas to visit France though not any other EC country, "as far as we can see, it doesn't change anything for the time being," said Vignal Lorenzo, minister of the Embassy of Mexico in Paris and chargé d'affaires.

By the middle of next year, anyone should be able to move unchecked across land borders among eight of the EC member states that signed what's known as the Schengen convention, said Mr. Mr. Taschner. "De facto, there will be no more controls in the Schengen land, even within the EC.

He added that some, like Germany's land borders with the others, are already uncontrolled.

Earlier this month, the Schengen countries — France, Germany, the Benelux countries, Italy, Spain and Portugal — announced that they would issue hologrammed passport stickers that will allow residents and visitors with valid visas to pass through immigration checks unhindered.

As for the air, Mr. Taschner says inter-Schengen flights will be free of controls by Dec. 1, 1993.

But a harmonized three-month travel permit giving an alien tourist permission to be anywhere in Schengen land won't be available until after the convention is ratified and fully in place — possibly as late as 1994 or 1995, he said. And such a permit still won't give the thus-legal alien the right to move out of Schengen land, even within the EC.

Longer-term visas, like work permits, remain a question for each individual EC state. Here again, though nothing may stop a non-EC citizen from crossing a border, one country's residence permit doesn't and won't give him the right to set foot, much less work, in another. The Turkish long-time resident of Germany could still need a visa to visit France, Mr. Taschner said. Noting the difficulty of getting 12 countries to agree on who should need a tourist visa, he noted that a Peruvian or Bolivian welcomed as a grandchild by Spain may be regarded as a potential drug-trafficker in another country.

There may someday be moves toward harmonizing the conditions for aliens' work permits, but this remains a long way off, according to the EC Commission's directorate-general on internal market affairs. Similarly, Mr. Taschner said, a foreigner who wants to establish a business in an EC state will deal just with that government, though, once permitted, could obviously benefit from any freer movement of goods and services within the Community.

The ultimate alien entry card remains a passport, and citizenship requirements remain firmly the province of each EC state. "Standardization would really be laying an ax to the roots of their own national thought," notes Alan Milward, professor of economic history at the London School of Economics.

The American who gets a Belgian passport gets the same right to live and work in Albufeira, Aldeburgh or Albertville as someone born in Antwerp, according to the internal affairs directorate.

EUROPE: *Open for Business, Ready or Not*

(Continued from page 1)

date, however, the single market is not complete. The formal opening of the world's largest economic bloc, designed to knit together the 12-nation European Community and the seven-nation European Free Trade Association in a seamless free-trading zone, will be delayed for months, if not longer, because of the decision by Swiss voters to reject joining the European Economic Area. The rest of the participants will have to work out a new arrangement excluding Switzerland.

Meanwhile, some of the EC's specific goals will not be reached on time.

Internal border controls on people will remain in at least four countries — Britain, Ireland, Denmark and Greece — requiring travelers still to show their passports at those frontiers. Although they are to be rubbed out across Europe, the border controls will remain an issue as long as Britain and Denmark refuse to eliminate theirs. Meanwhile, airports won't banish their customs barriers for flights within the Community until next December at the earliest. The target date for passport-free travel across land borders is July 1, but fresh worries over illegal immigrants and crime may delay the elimination of remaining frontier controls for years.

That's not all. A plan to create a universal European company statute was abandoned because countries could not agree on whether to include worker representatives on boards of directors.

Restrictions on Japanese-made cars will remain in force through at least 1999.

Deregulation of air transportation, allowing Community airlines to compete freely across European borders, is being bitterly dragged out by a number of state-owned carriers.

Most tellingly, it is far from clear how the enforcement of the myriad laws and regulations already approved to make the single market work will actually be carried out. Already, for example, several EC governments have resisted the requirement that public procurement be conducted without regard to national origin. Who will order them to change?

The new Europe of free competition and open borders is a "house under construction" in which "the shell of the building has been completed," according to a recent EC Commission report. "But it is still difficult to move around the house, since the finishing work still has to be undertaken."

To be sure, Jan. 1 itself will not be without significance.

Starting Friday, the first day of the new year, there will no longer be any legal limits on goods travelers can freely take across EC borders, with very rare exceptions, such as for works of art and newly purchased cars. "I'm going to be bringing extra bottles of that good Alsatian wine home from my trips to Strasbourg," says Gijs M. de Vries, a Dutch lawmaker who is a member of the European Parliament.

Trucks carrying products across the borders of most EC nations — Spain and Portugal will be exceptions until 1995 — will no longer have to stop at customs booths to drop off papers or undergo spot checks. But they still won't be allowed in many cases to return freely from their destination with a new load of goods.

Job credentials and school degrees acquired in any EC country will be officially valid anywhere in the Community. Banks, operating under the so-called single passport, will be permitted to set up branch operations in any country without obtaining separate national licenses.

The establishment of a competitive single market, however, does not mean that businesses and consumers are about to be puréed together in a bland, all-encompassing Euro-soup.

"Pre-1985, the old-style approach to building Europe was closer to homogenization and standardization," said Julian Oliver, vice president for corporate affairs at American Express Europe in Brussels. "By contrast, the key to the single market is freedom of choice. You will still be able to taste the differences between French, German, Italian goods and services."

The strength of the single market rests on its pragmatism: It has largely delivered the goods. Despite a backlash against intrusion by Brussels into the "nooks and crannies" of European life, the single market itself continues to enjoy wide support in public opinion polls. Business has a huge stake in its progress; organized labor, while seeking a greater social dimension, is a willing participant.

The strength of the single market rests on its pragmatism: It has largely delivered the goods.

"The process began at the initiative of the member states themselves, for the purpose of removing once and for all the obstacles to free movement within the Community," says Jean Russotto, a Brussels-based partner in the law firm, Oppenheimer Wolff & Donnelly. "Over the past several years, it has gained a momentum of its own, and can accurately be called an irreversible process."

Just over the horizon, though, loom some possible threats to the future of Europe's single market. A big question mark hangs over the proposed U.S.-EC farm deal that was reached this autumn, with France risking a serious breach with Germany over Paris's domestically inspired efforts to stop the world trade talks in their tracks.

Currency turmoil, by throwing a monkey wrench in the EC's complex agricultural payments scheme and by raising doubts about whether industries in different countries will be competing on a relatively stable playing field, potentially could disrupt the free flow of goods and services within Europe.

Still, for all the further economic and political challenges facing the European Community, it is clear that its 1992 single market project has been — and should continue to be — a remarkable success.

"Europe," proclaimed Prime Minister John Major of Britain at this month's EC summit meeting in Edinburgh, "is now open for business."

Brands Often Don't Spread Smoothly Across Borders

By Erik Ipsen

LONDON

Alex McClumpha sees the birth of the supranational European market as beside the point. The problem for Mr. McClumpha, general manager of the overseas trading division of Nestlé UK, is that there can be no fixed date for a convergence in European tastes and therefore advertising.

The Germans, Mr. McClumpha points out, like their Nescafé roasted on the light side, the Italians on the heavy side, and the French like their breakfast coffee to have a bit of chicory in it. Although they are different coffees they are all bottled and sold as Nescafé. The notion that a single European market might lead to single European products — in the case of Nestlé, to a single Nescafé blend or a single Lean Cuisine menu — does not wash with the likes of Mr. McClumpha.

"Nescafé to an Italian is a totally different drink than to a German," he insisted. "Those things will not change just because of a bit of legislative intervention."

European manufacturers and marketing experts unanimously argue that while consumer tastes and attitudes have been slowly converging for years, the creation of a single market will likely add little impetus to that convergence. "We are going to see more pan-European work but certainly not because of the magic date of Jan. 1, 1993," said Joel Cordier, managing director of Saatchi & Saatchi Europe in London.

Two distinct factors lie behind that inexorable glacial drift to pan-European advertising campaigns. First, there is the growing similarity of consumer tastes, a development commonly attributed to the twin influences of travel and television. Second, there is the desire from the advertisers to cut costs and management time by keeping the number of separate ad campaigns they must run as small as possible.

This is not easy, especially when it comes to food items, the area where national preferences remain strongest and where convergence is widely expected to come last. Added to the difficulties of Europe's advertisers is the problem of brand loyalty. In Britain the largest selling margarine is Flora. In Holland it is a slightly less salty product called Becel. Both are products of Unilever's Vandenberg Foods subsidiary, Europe's largest margarine maker. "They are basically the same product," said Guy Walker, Vandenberg U.K.'s chairman. "I cannot really tell you why they have different names."

With different brand names in different markets, the best a company like Vandenberg can hope for is not a single Euro-advertising campaign but a common theme that can be executed in each national market. "We don't see much likelihood at the moment of cross border advertising," Mr. Walker said.

Marketers of even such seemingly universal products as paint face similar problems. In recent years ICI Paints Europe pursued a course of expansion on the European continent by buying up local brands. Its Dulux brand is a market leader in Britain and more than a dozen countries around the globe but in Germany it is known as Lacke Farben and in France as Valentin.

In the last year ICI has taken the radical step of putting the name Dulux on the can alongside its local brand names in France and Germany, but the idea of a simple substitution remains anathema. "In France no one has heard of Dulux," said Denis Wright, ICI Paint's chief executive.

Rather than replace its valuable local brand names, ICI is toying with the idea of slowly increasing the size of the Dulux name on its labels over time as it shrinks those of its local brands. "Any time we do something like that we will do it in barely noticeable ways," Mr. Wright said.

Others argue that the whole idea of pan-European advertising, much less tailoring a product to fit all 12 national markets, is not the way to go. "Euro branding equals Euro blanding," insisted Micky Denehy, group account director for GGT Advertising in London.

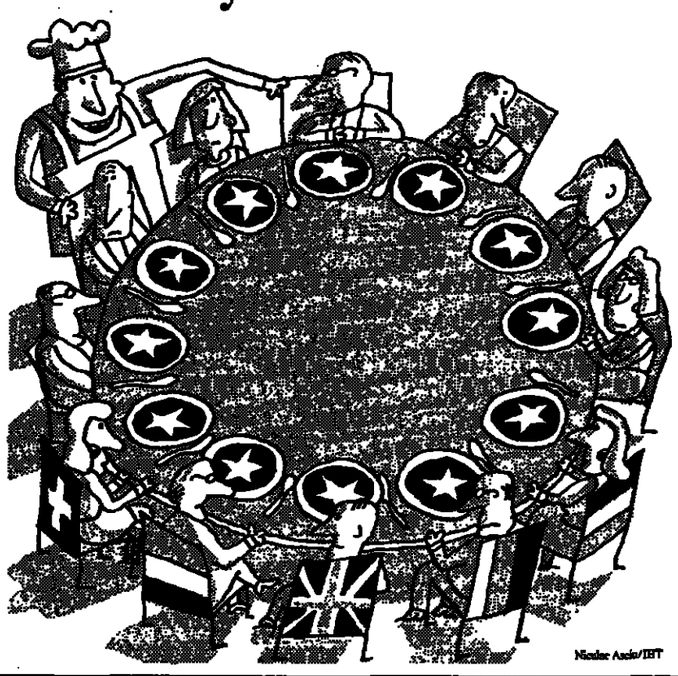
Mr. Denehy noted that most of the funniest, sharpest and best-remembered advertising campaigns do not work across borders. "The only way to come up with a European campaign is to knock all the edges off it," he said.

Having said that, there are products like Coca-Cola and Mars candy bars that are sold across Europe and indeed around the world with basically the same advertising campaigns. Those products remain the exception, however. What is more, some ad men argue that what those global campaigns lack in punch they have to make up for in frequency, thus undermining the notion of cost savings by creating only one campaign.

Curiously, some advertisers believe that the creation of the single market actually contradicts a trend towards a greater fragmentation in European markets. "I think it is becoming increasingly respectable to think of a separate market for southern Italy, Scotland or the Basque country," said Nestlé's Mr. McClumpha.

Others note that with the passing of strict national boundaries within the EC, there may be an increasing tendency to think of regional tastes, grouping consumer preferences of the likes of southern France with northern Italy, and those of Britain with Ireland.

Rather than a raft of new Euro campaigns many advertisers see a progression. Increasingly, they argue, a campaign may cross one border as similarities in regional tastes and traditions are identified. Then, too, there may be more campaigns using the same or similar concepts but executed by ad agencies in each individual country.



Nicolas Asslin/IHT

Now, to Keep Governments From Backsliding. . .

BRUSSELS

Peter Sutherland is convinced that 1992, in many ways, is just the beginning of the European Community's single market project.

"The internal market has largely been achieved in legislative terms," says Mr. Sutherland, chairman of Allied Irish Banks and leader of the EC-sponsored High Level Group that recently looked at the problems of implementing the single market after 1992.

"But that's not enough," he adds. "The real issue now is to put securely in place the practical mechanisms to make it work."

The watchdog of the single market is supposed to be the EC Commission. But the commission, on the defensive lately because of widespread complaints over interference by Brussels, cannot do it alone. Perhaps the greatest challenge facing the Community is to convince national governments and national courts to carry out the goals of Europe's single market on their own.

Mr. Sutherland acknowledges that he has his fears. "The reality of the Europe in which we live is that national protectionism is often stimulated and maintained by an unhealthily cozy relationship between national bureaucracy and protected industry," he says. This unholy alliance "has consistently interfered with the development of a competitive climate which is a vital stimulant for efficiency and productivity."

The huge telecommunications industry is a perfect example of what Mr. Sutherland is talking about. Gérard Moine, a director of France Télécom, said only Britain and Denmark support a rapid move to make telecoms a Europe-wide market. "We do not want a deadly competition between European enterprises," he said in a recent newspaper interview, "to weaken them to such a point that it would leave the field open for extra-European competition."

Meanwhile, important legal obstacles also are likely to block advances aimed at widening consumer choices and bringing down the costs of services that have largely remained protected behind national boundaries.

For instance, the recent "Bachmann" case, little known outside the fraternity of Brussels tax lawyers and specialists, could be the Achilles heel of the single market. It provides a precedent for countries to use tax law to help keep business at home.

Under a ruling by the European Court of Justice, Belgium was allowed to restrict tax breaks for buying life insurance to policies offered only by Belgian companies. The court dismissed a complaint of a German citizen living in Brussels who wanted to take advantage of the same provision to buy insurance from a German company.

"If countries try to apply it in other areas, the Bachmann case could seriously limit competition in financial services," says Karel Lannoo, a researcher at the Center for European Policy Studies in Brussels. "It's something we all have to worry about."

Much of the success of the single market project derives from the fact that it was carried out largely during an era of widespread prosperity and economic growth in Europe. With the current slump, there is a risk of backsliding.

"Whenever growth slows significantly, national bureaucrats, seeking to guard their home turf, try to exploit local fears by using it as opportunity to tend to their secret gardens," says Gijs M. de Vries, a Dutch lawmaker who is a member of the European Parliament.

The EC Commission, to keep the single market from falling into a ditch, has recently recommended a number of actions to be taken to overcome some of the flaws identified in the Sutherland report.

These include: consulting more widely before introducing further legislation; encouraging parties to take disputes over EC legislation to national courts; and appointing independent mediators to handle complaints about discrimination in public contract awards.

In addition, the Commission plans to encourage national governments to set up a network of single-market "contact points", and require them to inform Brussels of how they plan to punish violations of EC laws.

—TOM REDBURN

For East European Press, a Rocky Road From State Control to Freedom

By Roger Cohen
New York Times Service

PRAGUE — Three years after the collapse of communism, journalism has been reinvented in Eastern Europe as a craft involving independence and objectivity, but politicians remain uneasy and sometimes ruthless about the new press freedom.

Through satellite dishes, cable systems and a wide range of publications, the people of the former East bloc have access to a previously unthinkable range of information and entertainment. Indeed, many people accustomed to simply obtaining the underground press to find out the truth now complain of being confused by a battery of conflicting accounts.

With ironclad single-party control of the press and television eliminated, many newspapers and journalists have undergone unlikely transformations.

Rude Pravo in Czechoslovakia and Nepszabadsag in Hungary, former mass-circulation trumpets of the Communist governments, have become thriving papers stripped of dogma even under editors long trained in propaganda.

"I keep retraining my people in special workshops," said Andras Kereszty, editor and former Washington correspondent of Nepszabadsag. "I keep saying, guys, you have the editorial pages and the news pages and don't mix them up."

Western technology has lifted the rancid Stalinist gloom of newsrooms, putting Apple computers in the place of typewriters and cutting lead times on magazines from weeks to days. News is faster and livelier, although complaints about accuracy are frequent. In Prague alone, there are 15 dailies, a number few believe is sustainable.

But if media diversity has been established, ranging from sex-filled tabloids like Czechoslovakia's Blesk to newspapers of daunting seriousness, severe problems remain. Economic collapse, legislative confusion, nationalist awakening and political tension have combined to turn euphoria over the future of the news media in Eastern Europe to prudence.

Ambitious plans to end state television monopolies and set up private networks have stalled amid political vetoes and procrastination. The degree of independence of news organizations remains a fiercely contested issue.

While the notion of an independent press has taken root, attempts at political manipulation remain frequent. To listen to journalists and editors is to enter a world of plots and subplots supposedly aimed at undermining publications, many of them struggling to survive in unstable societies.

"Politicians are always screaming at me for not putting an item on the news," said Karol Malcuzynski, the editor in chief of Poland's television news. "And when I say it was not newsworthy, they seem puzzled."

The most overt political conflicts over the future of the news media have emerged in Hungary. Demonstrations outside the country's national television and radio headquarters have become regular events this year.

At one recent gathering, nationalist supporters of Istvan Csurka, a vice president of the governing Hungarian Democratic Forum, denounced journalists as "Jews, Communists and Bolsheviks" before storming into the radio building and broadcasting a pro-government statement attacking the news media as biased.

Mr. Csurka has said he believes the media should serve his nationalist definition of the people's interests.

"They should never be permitted to broadcast," said Csaba Gombar, the embattled independent president of Hungarian radio. "But the police didn't know how to react and our journalists were overwhelmed."

The struggle involves Mr. Csurka's nationalist and anti-Semitic fringe of the Hungarian Democratic Forum, opponents of state control of the media, foreign corporations and others in a frenzied quest to run the country's television and radio. These are state-owned but destined, in theory, for partial privatization.

A result of the fight has been paralysis. A bill opening the way for private television stations has been held up in parliament for two years, with independent commissioners in charge of radio and television pending its approval.

Last week, the head of Hungarian television, Elemer Hankiss, was abruptly suspended by the government in what he claimed heralded "the first political show trial since Hungary gained freedom."

In Poland, a similar bill aimed at establishing at least one private television network has languished in parliament for three years, blocked most recently by a venomous fight over whether the law should state that programs must reflect "Christian values."

In Czechoslovakia, private television stations remain much talked-about but nonexistent, delayed by arguments linked to the breakup of the country next year.

"It seems like in Eastern Europe you have a bunch of journalists for the government and a bunch that's against," said Peter Nadori, the deputy editor of a left-leaning Hungarian weekly called Magyar Orange. "People still don't see that in a free media system you should not, a priori, be for or against something."

A man familiar with political pressure is Janusz Zaorski, the president of Polish television and radio. "Thank God I am in a room without telephones," he said at the start of a recent interview. "We have 27 political parties here and one of them is always on the line. I feel like a doorman trying to resist a crowd."

Mr. Zaorski's harassment reflects the fact that politicians raised in a world where news organizations were vehicles of propaganda still tend to view them essentially as a means to peddle their views.

"What exactly are Christian values?" asked Juliusz Braun, the chairman of the parliamentary commission on the Polish media. "The term is very ill-defined and if we include it in the media law I fear it would just become an instrument for censorship. You'd have politicians arbitrarily telling journalists and producers their programs are unacceptable because they do not show Christian values."

Of course, in an overwhelmingly Roman Catholic country like Poland, "Christian values" means something like "national values."

Bluntly, Rabin Bars A UN Bid to Aid Deportees in Camp

By David Hoffman
Washington Post Service

JERUSALEM — Prime Minister Yitzhak Rabin bluntly rejected an appeal Sunday from a United Nations envoy to permit humanitarian relief to 415 Palestinians deported from Israel and stranded in a freezing mountain camp in South Lebanon.

Mr. Rabin also told the envoy, James O. C. Jonah, United Nations undersecretary-general for political affairs, that Israel would not back down from the expulsions, which have been condemned by the Security Council and have drawn criticism of Israel from many governments.

In meetings with Mr. Jonah, with Arab members of the Israeli parliament and with a group of Israeli Arabs who were leading a demonstration across the street from his office, Mr. Rabin harshly attacked the government of Lebanon for blocking food and medical relief to the deportees. He appeared to be trying to resist the international pressure to help the Palestinians, who are stuck between Israeli and Lebanese military checkpoints and have become the object of a test of wills between the governments.

According to statements released by his spokesman, Gad Ben-Ari, after Sunday's meetings, Mr. Rabin complained bitterly that Lebanon has imposed a "military siege" on the Palestinians, "has removed hospitalized deportees from the hospital and prevents all supplies, but allows free access of the media."

Apparently stung by the negative world reaction to televised images of the Palestinians in their snow-blanketed camp, Mr. Rabin asked why Lebanon would not allow the Red Cross through to aid them "but at the same time permits free entry of TV crews."

Lebanon contends that it should not be a "dumping ground" for Israel, which deported the Palestinians abruptly two weeks ago on grounds that they were suspected members of two Islamic fundamentalist movements, Hamas and the Islamic Jihad. A series of killings of Israeli soldiers and a border policeman for which Hamas claimed responsibility triggered the deportations.

Mr. Rabin also said he had ordered that no Israeli have contact with the deportees, in a move to bar Israeli Arabs from helping them.

The Israeli leader had a frosty meeting Sunday with lawmakers from Arab factions in the Knesset, who said afterward that they would end their unofficial support of his governing coalition because of the deportations. Mr. Rabin still retains a narrow majority without them.

■ Warning From France

Foreign Minister Roland Dumas of France warned Sunday that the mistreatment of Muslims in the Middle East and Bosnia was likely to "profoundly disturb the Islamic world," Agence France-Presse reported from Paris.

Mr. Dumas said in a television interview that Israel's expulsion of Palestinians to the South Lebanon camp was intolerable.



Marwan Naamani/Reuters

Palestinian deportees in their South Lebanon camp on Sunday showing off a snow sculpture that reads "Allah" in Arabic.

EXPEL: *Hollow Arab Support for Exiled Palestinians*

(Continued from page 1)

a fire, opening the way for what could be a floodgate of undesirable Palestinians from Israel.

Recalling that a hefty part of the responsibility for starting Lebanon's 15-year civil war had to do with the presence of some 400,000 Palestinian refugees who had been there since the early 1970s, Al Hayat, the London-based Arab newspaper, asked if the country needed more Palestinians, especially of the fundamentalist variety.

Lebanese note that many in their midst are arguing that one of Lebanon's main goals in the current regional peace talks is to find a way to push hundreds of thousands of these Palestinians out, into whatever Palestinian entity may emerge from a settlement with Israel.

"It is no secret that Lebanon is in an unenviable position," wrote Khirallah Khirallah, Al Hayat's Lebanese foreign editor, in an editorial. "Lebanon cannot receive these deportees. Today it is 400, tomorrow Israel may throw 4,000 deportees in its territory and after tomorrow the number may go up to 40,000."

For its part, the PLO, which has watched in dismay for five years as Hamas steadily eroded PLO support in the occupied territories, cannot be too displeased that these fundamentalists are now put to a severe test, not to mention that the 415 include some major figures within the anti-PLO movement.

"They are out in the open now and they can see that within the Palestinian movement they are no more than a drop in the ocean," a senior PLO official said, referring to the exiled fundamentalists.

"There isn't this much support for fundamentalists and extremists in our midst," the PLO official said, speaking from Tunis.

The PLO's wish is to see Hamas and its minor ally, Islamic Jihad, discredited, as PLO operatives continue to beam increasingly moderate statements asking for the West's sympathy, thus eroding the fierce anti-Western reputation they built over the years.

Furthermore, if the PLO succeeds in finding a solution to the deportation issue — by moving the deportees to a West European location, for example, or by managing to secure direct talks with Israel to defuse the crisis — it will have scored a triumph and eclipsed the militants.

Meanwhile, the fundamentalists' presence in the no-man's-land in South Lebanon can only embarrass Israel.

Nor is Egypt, whose government is battling Muslim fundamentalists daily, finding much sympathy for the deportees. Hamas has used the vilest terms to describe the Egyptian leadership's continuing commitment to peace talks with Israel. And the group stands behind a number of murders of Israeli tourists in Cairo in the past few years.

Egyptian antipathy toward Hamas and Islamic Jihad is even sharper given that the movements' main political platform has been to end the peace talks that Egypt has championed since 1979, when it signed a peace treaty with Israel.

IRAQ: *U.S. Jets Down Iraqi Plane*

(Continued from page 1)

planes approached and asked the Iraqis to identify themselves.

Twenty minutes later, another pair of MiGs flew south of the 32d parallel. This time, the Iraqi planes were approached by a pair of American F-16s, which issued a radioed warning to leave the area. When the Iraqi planes turned toward the American planes instead of flying away, the F-16s asked an airborne command plane flying over northern Saudi Arabia for permission to fire.

One of the F-16 planes fired a radar-guided missile, which knocked one of the Iraqi planes out of the sky. After the plane was shot down, the other Iraqi plane appeared to fly to a safe haven in Iran.

The United States later allowed the Iraqis to send a search and rescue helicopter to the crash site, 30 kilometers (20 miles) south of the 32nd parallel. But no parachute was observed; the pilot of the Iraqi jet is not believed to have survived.

American officials believe that the incident was a deliberate Iraqi test of U.S. resolve in region, what with Washington's recent focus turned to Somalia and Bosnia.

The Iraqis may also have misconstrued the recent withdrawal of American forces from the Gulf region as a lessening of American determination to enforce the no-fly ban.

The aircraft carrier that was in the Gulf helping to enforce the flight ban steamed to the waters near Somalia when the United Stated mounted its relief operation there. The Pentagon may now send the carrier back to the Gulf.

Over the past few months, the U.S. Air Force has also reduced the number of planes it kept in Saudi Arabia to enforce the flight ban. Because of Saudi sensitivities, the Bush administration will not confirm that American warplanes are stationed in Saudi Arabia, but American officials who asked not to be identified say that American fighter planes are based in Dhahran.

BUSH: *Walsh to Pursue Inquiry*

(Continued from page 1)

his handwritten notes to Mr. Walsh because he did not realize that his personal diary was included in the request for all notes and tape recordings, the International Herald Tribune reported from Washington.

[He accused Mr. Walsh of trying to "coerce false testimony" from him in order to obtain a guilty plea to a misdemeanor. As for Mr. Bush's role in the affair, Mr. Weinberger said the then-vice president may have been aware of certain proposals to send arms to Iran but that it was "a matter of opinion" as to whether such shipments were in return for released U.S. hostages.]

Mr. Walsh's indignation over the belated disclosure of the notes, which he saw as part of a pattern by senior officials of Ronald Reagan's administration, was heightened by the Weinberger pardon.

One of the charges against Mr. Weinberger was that he had concealed his detailed notes from Mr. Walsh's prosecutors and congressional investigators. Mr. Walsh also had found, over the last two years of his six-year investigation, that the former secretary of state, George P. Shultz, or his aides, had withheld relevant notes.

In addition, notes made by Donald T. Regan, the former White House chief of staff, were not turned over to prosecutors until years after investigators first asked the Reagan White House for them.

With the notes and other information from his investigators, Mr. Walsh said, the evidence would have shown that a November 1985 shipment by Israel of U.S.-made arms to Iran was "a deliberate violation of the Arms Export Control Act," approved by Mr. Reagan.

The notes, he added, showed that in November 1986, Mr. Reagan and his aides tried to conceal the violation, in part by saying they did not know it had taken place until months later.

Mr. Walsh said that given the past pattern of deception, he thought the pardon of Mr. Weinberger "is more devastating than the Reagan cover-up." Mr. Bush, he said, has "stopped the trial of a confederate. Whether criminal or not, it shows the ethics of the administration in a way that I could not have demonstrated."

When he issued them, Mr. Bush said the pardons would not prevent "full disclosure" because Iran-contra has been "investigated exhaustively" by the Tower commission, a joint congressional committee and Mr. Walsh.

Mr. Walsh's chief prosecutor for the Weinberger case, James J. Brosnahan, said Saturday that he had been planning to call Mr. Regan, possibly Mr. Shultz, and other top Reagan officials as prosecution witnesses for the trial, which was set to begin Jan. 5.

[Mr. Weinberger said on ABC that it was "totally wrong" to assume that Mr. Bush issued the pardons to somehow avoid further inquiry into his own role, the International Herald Tribune reported.]

Mr. Walsh had planned to use the trial to show that there had been a high-level cover-up of White House efforts to sell arms to Iran, partly in an attempt to gain the freedom of U.S. hostages held in Lebanon, and to use some of the proceeds to supply guerrillas fighting the Marxist government of Nicaragua.

■ Congress May Investigate

Congress will probably investigate the pardons granted by Mr. Bush, The New York Times reported congressional aides as saying in Washington.

Key Democrats, including Richard A. Gephardt of Missouri and George J. Mitchell of Maine, condemned the pardons.

Mr. Gephardt, the House majority leader, said the pardons suggested "presidential approval of violations of the law." Mr. Mitchell, the Senate majority leader, said that Mr. Bush's action implied that lying to Congress was not a serious offense.

Pension for Bush: $187,000 a Year

Agence France-Presse

WASHINGTON — President George Bush's 21 years of government service mean he will collect $187,000 in pensions annually after he steps down in January.

Additionally, he will receive a life-long federal stipend to set up an office and hire employees — whose salaries can run up to $150,000 annually for the first 30 months and $96,000 a year thereafter. Mr. Bush will also collect income from a $1.3 million personal blind trust and an inheritance expected after the recent death of his mother. The trust earned nearly $200,000 in 1991.

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TRADE: *Wrangling Within the Democratic Party Threatens Agreements*

(Continued from page 1)

mental cleanups in the United States and overseas or the retraining of workers.

Tracking Democrats' trade positions requires a three-dimensional scorecard: A position depends not only on how far forward a politician has moved toward free trade, but also how far to either side on environmental concerns and how far up on the scale of budget concerns. The result is that fiscal conservatives and ardent environmentalists, for example, may oppose trade agreements even though they may support free trade principles.

Yet one or more of the factions must lose, because trade agreements cost money and require sacrifices to foreign countries in some areas to win concessions in others.

Mr. Clinton was able to finesse these issues in the campaign. For example, he called for more protection for the environment and U.S. workers in connection with the North American Free Trade Agreement, but never outlined how much this would cost or what he would offer Mexico in return. While he was building his cabinet, the attacks by factions on candidates for the post of trade representative became downright nasty. For example, a lobbyist with many foreign clients called a reporter a week and a half ago and, after insisting on anonymity, suggested a story critical of Mr. Prestowitz.

The lobbyist asserted that Bruce Smart, a former undersecretary of commerce for international trade who supervised much of Mr. Prestowitz's work, had dismissed him for incompetence. An influential Democrat, after also insisting on anonymity, volunteered the same story about Mr. Prestowitz later the same day.

But Mr. Smart denied both versions in a telephone interview, saying that Mr. Prestowitz had left voluntarily to write a book. He added that Mr. Prestowitz was "very bright, speaks Japanese well, understands the Japanese situation and was more hawkish on policy toward Japan than was the policy of the Reagan administration."

TRUCE: *Envoy Has His Doubts*

(Continued from page 1)

throw of the dictator Mohammed Siad Barre in January 1991.

An attack Saturday underscored the volatile situation in the capital. Gunmen armed with rocket-launchers, heavy machine guns and assault rifles tried to storm a walled compound housing members of an unarmed UN military cease-fire monitoring team.

Two of the attackers were killed and several wounded by civilian Somali guards hired by the United Nations to protect the compound, situated in northern Mogadishu, said a UN spokesman, Farouk Mawlawi.

None of the monitors or their guards was hurt, Mr. Mawlawi said. The monitors were later evacuated by members of a 500-man Pakistani UN peacekeeping detachment, he added.

As the warlords' agreement was being negotiated, U.S. Marines fanned out into the streets north of the green line, in the first such patrols since the operation to protect food distribution to Somalia's starving masses began Dec. 9.

A senior American diplomat, speaking on condition of anonymity, said the Marines would shortly establish two bases and a strong presence in northern Mogadishu, but he gave no precise timetable.

Another senior U.S. official said U.S. troops would patrol streets in both south and north Mogadishu over the next few days to locate and remove heavy weapons.

"Heavy weapons will be removed voluntarily, or if necessary by force, and with the agreement of Somalis," the official said. "From now on we're going to be doing more enforcement."

Foreign troops have so far not patrolled north Mogadishu, and their presence in the south has been relatively low-key. Shootings, lootings and muggings have remained commonplace.

But the U.S. official confirmed that a more rigorous approach had become possible, particularly in Mogadishu, with the increase in troop numbers.

A Marine spokesman, Lieutenant Colonel Steve Ritter, said the patrols would search for heavy weapons belonging to bands not aligned with either major faction.

The U.S.-led force in Somalia and offshore grew to more than 26,000 on Sunday with the arrival of about 1,500 more French troops.

The task force moved a step closer on Sunday to completing its goal of securing eight centers in central and southern Somalia to reach into the countryside.

A U.S. military spokesman said some 180 Italian troops and a U.S. military police escort arrived in the afternoon in the town of Gailalassi, about 200 kilometers north of Mogadishu.

(AFP, AP, Reuters)

Reactor Failure Sank Submarine, Russians Report

New York Times Service

MOSCOW — A Russian military newspaper has revealed a few details of a 1961 nuclear accident on one of the Soviet Union's first nuclear-powered submarines.

One of the two nuclear reactors powering a Soviet K-19 submarine on its maiden voyage was damaged in the early hours of June 18, 1961, after a seal in a primary pipeline failed because of faulty welding, the newspaper Krasnaya Zvezda reported.

A crew of volunteers who tried to repair the reactor, with the submarine at a depth of some 650 feet (200 meters) in the Atlantic, died of radiation sickness, nine of them within two days, the newspaper said. Many others were said to have died in later years, though the fate of the entire crew of 139 people is not made clear.

The 416-foot submarine was based on the American Nautilus submarine, displaced 6,000 tons and carried three ballistic missiles with warheads of 1.4 megatons each as well as several nuclear torpedoes, the paper said.

But on its maiden voyage, headed for war games in the Atlantic, the reactor blew. The crew managed to do emergency repairs and get the submarine to the surface.

DOZE: *Cockpit Naps?*

(Continued from page 1)

the cockpit, but was "a way of coping with it."

The recommendations grew out of NASA tests sponsored by the Federal Aviation Administration in the late 1980s, in which observers rode trans-Pacific flights on Boeing 747s. Half the crews were allowed to take naps for up to 40 minutes, one at a time, while the other half were not. Their behavior was observed, and they were tested for alertness and ability to perform various tasks.

"In all cases, the crews that had the rest did better than the other crews," said R. Curtis Graeber, manager of flight-deck research and human factors at Boeing Co. Mr. Graeber is head of the task force and was NASA's chief of human factors at the time of the tests.

The observers found that even crew members who were supposed to stay awake sometimes did not.

The researchers found that each new leg of a trip of several days across time zones added to individual sleepiness and fatigue, although the crew as a whole might improve after the second day as each member pitched in to compensate for weaknesses in the others. It found that the condition was worse traveling eastward than westward.



Koji Sasahara/The Associated Press

BETTER TOKYO BARGAINS — Shoppers in a Tokyo street Sunday on the lookout as annual year-end sales began.

China's Schools Put Capitalism to Work

They're Opening Shops, Joining the Entrepreneurial Boom

By Sheryl WuDunn
New York Times Service

SHANGHAI — Peng Wenyi, a high school principal, worries about absenteeism, lesson plans and his pupils' test scores. But these days, he also frets about the school's plans to expand its three clothing shops into a large department store.

Seven hundred miles (1,126 kilometers) to the north, the Sanyuanli Xiaoli Elementary School has a small sign at the main entrance. But it has an even larger sign next to that one, identifying its sideline venture: "Air-Conditioner and Refrigerator Repair Shop."

Throughout China, schools like those are diversifying into business. From elementary schools to universities, they are opening shops and factories to raise funds and join in the national entrepreneurial boom.

Making money has become a national obsession, and government bureaus, police stations and intelligence services are parlaying their expertise and staff into profits.

But the fascination with money raises special questions when it is schools that are engaging in business, particularly when the success or failure of the business is what determines the facilities and opportunities that the students enjoy.

Those questions are particularly striking — and unexpected — in a Communist-run country that prided itself on providing educational prospects to all pupils.

"This issue was debated for a long time, with people asking: Wouldn't this influence the school?" said Mr. Peng, a lanky, enthusiastic man who continues to teach physics. "But now, everyone is running businesses. And our school is in great demand. Lots of students want to come here, but we can't take them because we have no space."

Last year, nearly 680,000 school-run businesses across the nation, from textile factories and television manufacturers to book shops and fish farms, brought in a total income of about $850 million, and this year the figure is expected to go much higher. In some areas, like the western district of Beijing, school-run businesses produce half the output of all industry.

One reason why Mr. Peng's school, the Fuxing Middle School, is so popular is that its enterprises make large profits that result in better conditions. At Fuxing, the 1,300 pupils may borrow books from a computerized library, learn computer language at one of 60 terminals, or watch television in one of the 40 classrooms.

In the last four years, the school has had a complete makeover.

It renovated its cafeteria, its basketball and volleyball courts, its jogging track and its table tennis recreation room and raised the bonuses for its teachers. Even after all that expansion, it is still hunting for new commercial investments to absorb its excess profits.

But the capitalist road to a good education has not always been smooth.

In a Beijing suburb, for instance, a school-run store selling cosmetics, soft drinks and toys lost so much money that instead of getting their monthly bonus in cash, teachers were given a monthly credit at the store. Everyone complained, and the manager was changed earlier this year.

The store at Sanyuanli Xiaoli elementary school, in eastern Beijing, appears to be a dumping ground for unpopular teachers.

Even so, the shop brings in about $30,000 a year, partly because it pays no rent, since the school owns the property.

"It's hard for these enterprises not to make money," said a teacher in a Beijing school. "If they don't make money one year, they just shift to something else."

Yang Jiajian, a 46-year-old history teacher who is now running Fuxing Middle School's successful clothing store, said, "It took a while for me to get adjusted because, well, traditionally Confucius simply does not think highly of commerce."

"Most teachers don't want to go into business," he said. "It's not easy to do and you have to have the gall to chase after money."

"Me?" he continued. "I still prefer to be called Teacher Yang."

New Delhi Will Build A Mosque and Temple At Site of Razed Shrine

Compiled by Our Staff From Dispatches

NEW DELHI - The Indian government decided Sunday to purchase the site of a mosque destroyed by militant Hindus and build both a mosque and a Hindu temple there, a spokesman said.

"The government will issue an ordinance this week to acquire the disputed land empowering itself to build a mosque and a temple," he said.

He added that the decision was taken at a cabinet meeting under the chairmanship of Prime Minister P.V. Narasimha Rao.

Hindu leaders rejected the government action, saying the country's highest court could decide issues of law, not issues of faith.

The demolition of the 16th century mosque in the northern town of Ayodhya on Dec. 6 triggered a wave of sectarian violence across India, in which at least 1,100 people died. The violence spilled over into Bangladesh and Pakistan.

The militant Hindus who tore down the mosque want to build a temple to the Hindu god Rama on the site. They contended there had been a Hindu temple on the site predating the mosque.

The Indian government spokesman said the ordinance would enable the government to build a mosque and a temple in Ayodhya. "The government's aim is to ensure that the balance of both communities is maintained," he said.

The spokesman said the government had decided to refer to the Indian president the question of seeking a Supreme Court opinion on whether there had once been a Hindu temple on the site where the mosque stood.

He said a trust would be set up to carry out the government's plan.

Some Hindus say the site was Rama's birthplace but that 16th century Mogul conquerors destroyed a temple there and built a mosque over it. Muslims dispute their claim and object to Hindu plans.

Authorities in Uttar Pradesh State, where Ayodhya is located, decided Sunday to allow Hindus to offer prayers at a makeshift temple built by the militants after they demolished the mosque.

Security forces occupied the area two days after the mosque's demolition, prompting hard-line Hindus to organize protest marches demanding the right to worship at the shrine.

Police arrested more than 3,000 Hindu devotees on Friday after they threatened to march to the shrine to offer prayers.

The Hindu nationalist Bharatiya Janata Party, which backs the temple campaign, said such marches would keep up pressure on the government to allow public worship.

In Islamabad, the Pakistani government said Sunday it had begun to rebuild hundreds of Hindu temples damaged or destroyed after the Ayodhya incident. *(Reuters, API, AP)*

400 Fight Dhaka Police After Politician's Arrest

The Associated Press

DHAKA, Bangladesh — About 400 demonstrators fought with police and smashed vehicles Sunday to protest the arrest of Khaledur Rahman, secretary-general of the Jatiya Party, the third largest group in Bangladesh's 330-seat Parliament.

Police used bamboo sticks to disperse the protesters. Mr. Rahman was arrested Thursday after he led about 50 supporters in the storming of a sealed building in Dhaka, claiming it was rightfully the property of his party. Police arrested five protesters. There were no immediate reports of injuries on either side.

John Kemeny, 66, Dies, Led Dartmouth in '70s

New York Times Service

NEW YORK — John G. Kemeny, 66, a distinguished mathematician and computer pioneer who was president of Dartmouth College for more than a decade, died Saturday in Lebanon, New Hampshire, apparently of a heart attack.

A forceful and popular leader, he guided a tradition-cherishing Ivy League institution through a series of profound changes, including the admission of women in 1972. The co-creator of a widely used computer language, BASIC, he advocated both making computers more accessible and maintaining a central educational role for liberal arts.

Mr. Kemeny in 1979 was appointed by President Jimmy Carter to head the commission that investigated the nuclear accident at Three Mile Island in Pennsylvania. The commission issued a report that criticized federal regulators and the nuclear power industry.

Widely praised by his colleagues for both the depth and the breadth of his intellect, the Budapest-born Mr. Kemeny was selected a year after his graduation from Princeton to be a research assistant to Albert Einstein.

He became Dartmouth's president at 43 and served for 11 years, until 1981, when he resigned to return to teaching.

His most lasting contribution may have been as co-inventor of BASIC computer language, one of the most widely used in the world.

To combat Dartmouth's reputation for racial and social exclusivity, he encouraged efforts to recruit students from minorities, especially American Indians, who were the college's intended students when it was founded in 1769.

Garrison Davidson, 88, A General in 2 U.S. Wars

Garrison Holt Davidson, 88, a retired lieutenant general who led task forces in World War II and the Korean War and later served as commander of the General Staff College at Fort Leavenworth, Kansas, the U.S. Military Academy at West Point and the Seventh Army in Europe, died on Friday in Oakland, California.

The general, who retired in 1964 and lived in Oakland, died of natural causes, his family said.

In a wide-ranging career that spanned four decades and two wars, he helped to plan and carry out strategic breakthroughs in North Africa and Europe in World War II and in the Korean War.

From 1960 to 1962, he was commanding general of the Seventh Army in Europe, and was responsible for mobilizing forces in the Berlin and Cuban missile crises.

Richard H. Ichord, 66, Longtime Anti-Communist

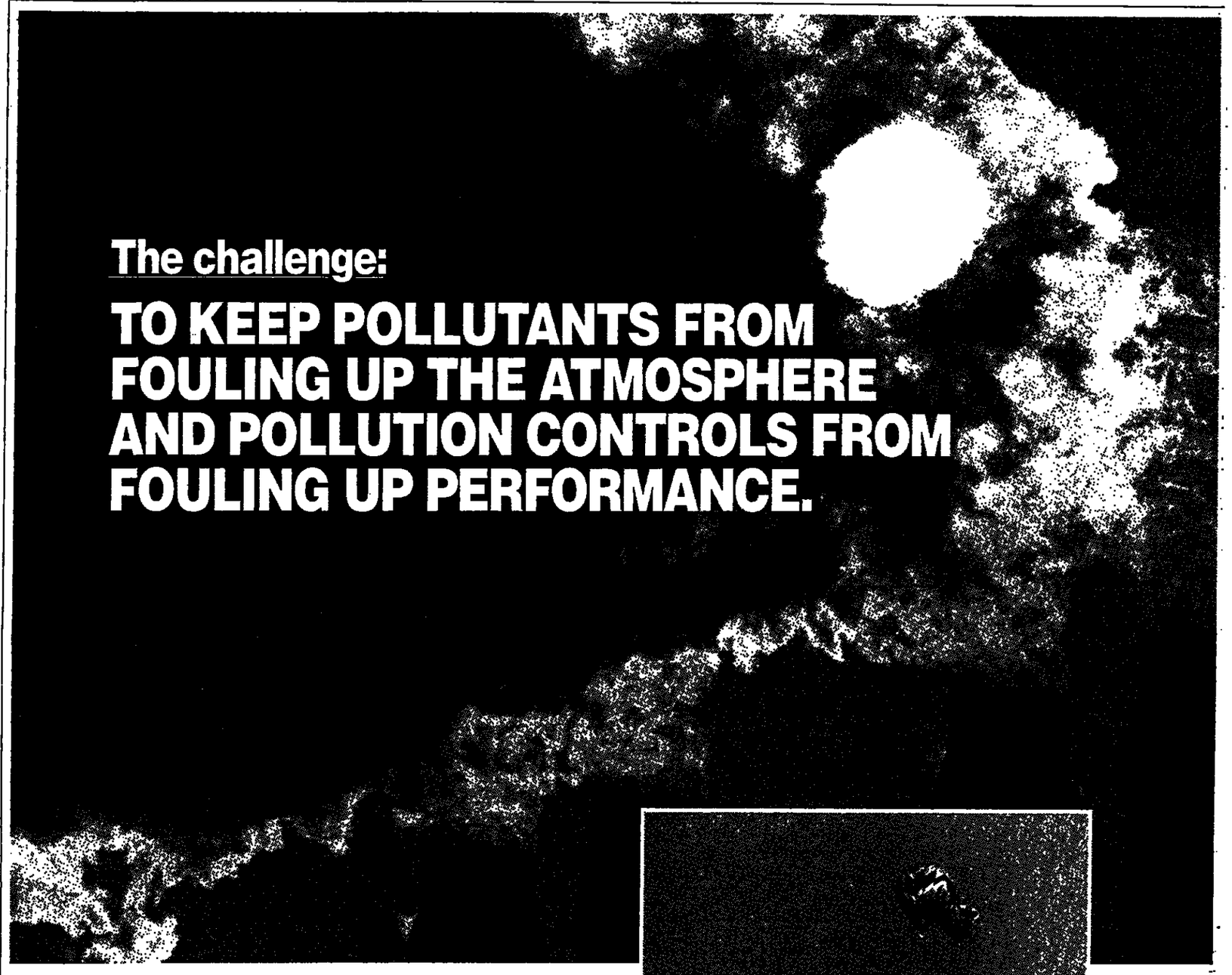
Richard H. Ichord, 66, a fervent anti-Communist congressman who served as the last chairman of the House Un-American Activities Committee and crusaded against the peace movement during the Vietnam War, died Dec. 18 of complications from a heart attack in Nevada, Missouri.

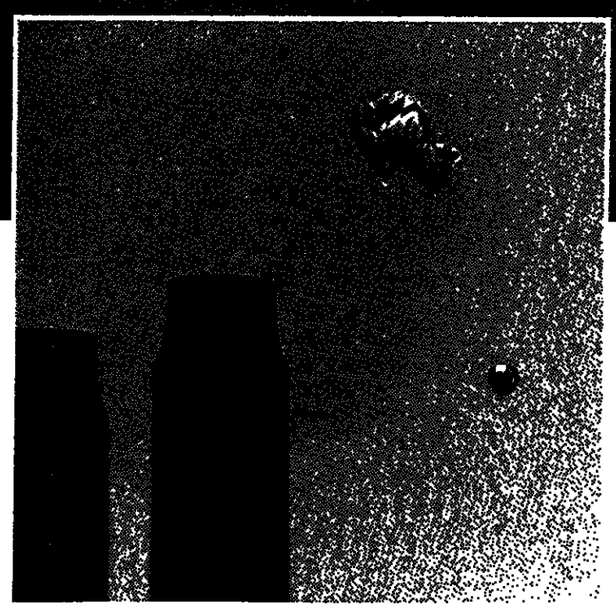
A conservative Democrat who represented a district in central and southern Missouri for 10 terms, Mr. Ichord retired in 1981. The committee was disbanded in 1975.

He earned a reputation as a man preoccupied by the spread of communism. Critics accused him of engaging in smears and witch hunts similar to those of Senator Joseph R. McCarthy of Wisconsin.

Frederick William Franz, 99, a biblical scholar and president of the Watch Tower Bible and Tract Society, better known as the Jehovah's Witnesses, died on Tuesday in Brooklyn.

J. Robert Williams, 37, the first openly homosexual minister to be ordained in the Episcopal Church, died Thursday of an AIDS-related pulmonary infection in Boston. He was asked to resign from the ministry just six weeks after his controversial ordination in 1989.





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Herald Tribune
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OPINION

Cambodia Slips Back

The ambitious United Nations effort to make Cambodia viable is in trouble. As usual, the Khmer Rouge responds with armed intransigence. But thuggish elements of the Phnom Penh government are also intimidating political opponents, jeopardizing chances for truly free elections. And UN officials, instead of seeking a strengthened mandate for peace enforcement, seem reluctant to use their existing authority.

A successful Cambodian operation could be a prototype for temporary UN administration elsewhere, as in Somalia or Bosnia. That gives Washington a powerful incentive to nudge the UN operation back on track.

The Khmer Rouge presents by far the most dangerous problem. Led by the same crew that killed a million Cambodians in the 1970s, it has defied the deadline for demobilizing forces and blocks UN monitoring of its territory. Now, local guerrilla units have begun abducting UN peacekeepers.

The Khmer Rouge has stockpiled huge arms supplies and cross-border trade in teak and gems with Thailand provides it with the resources to buy additional weapons. If UN-monitored elections proceed without Khmer Rouge participation this spring, the guerrillas could launch devastating attacks on the new government once UN peacekeepers depart.

Prime Minister Hun Sen's government has not openly defied the United Nations. But its police units have been implicated in assassinations and attacks on critics. Despite a clear mandate to supervise internal security ministries, UN authorities have not responded effectively to these attacks. On this score at least, Khmer Rouge complaints about UN complicity with Phnom Penh are partially right. Continued intimidation during the coming election campaign could compromise the legitimacy of the results.

What is urgently needed is for the Security Council to stiffen enforcement against both Phnom Penh and the Khmer Rouge. And if the Khmer Rouge persists in forcibly excluding UN monitors, the council needs to turn from passive peacekeeping to a more muscular enforcement.

Formal election preparations are now set to start Jan. 31. Unless the Security Council beefs up enforcement in the next few weeks, a 60-day postponement may be needed. That would give the Clinton administration time to become involved. The new administration has good reason to do all it can. A UN failure would expose Cambodians to new atrocities from the Khmer Rouge. And it would put a greater burden on the United States to resolve similar crises elsewhere. How much better it would be to maintain and protect the UN peace effort.

— THE NEW YORK TIMES.

Give Them Investment

President-elect Bill Clinton faces what some of his advisers regard as a cruel choice. Either he will have to honor his campaign pledge to "grow the economy" by pumping tens of billions into training and infrastructure. Or he will have to honor his pledge to cut the deficit in half. He cannot, according to new deficit projections, do both. Which pledge should he honor?

Mr. Clinton indicated last week that he'd choose deficit reduction. But that surely would be the wrong way to turn. Investment is the key to economic growth. Deficit reduction, which pumps money into private capital markets, is one way to increase investment. But public spending can be equally valid, even preferable.

To put deficit reduction ritualistically before public investment is to decide that private investment is always more productive. It is not. For proof, consider the reasons candidate Clinton gave for creating programs to train and educate the disadvantaged workers private markets have left behind.

In a perfect world, Mr. Clinton would not have to choose between his two pledges. Congress would raise enough taxes to pay for important federal programs and also hit his deficit target. But new projections show a much larger deficit, almost $100 billion more than previously thought. Congress will not make any painful choices; Mr. Clinton will have to.

Of course, he will have to control the deficit. When the government borrows, it siphons money from private capital markets. That leaves less for corporations to invest in new plant and equipment. But what size deficit is right? There is no simple answer. Surely, the deficit cannot be allowed to grow faster than the economy. But that goal — which can be met by running deficits of about $200 billion — can be achieved without gutting investment.

Should the deficit be brought much lower than that? It depends, first, on the state of the economy and, second, on how the deficit is lowered. When the economy is operating below capacity, as is true now, deficit reduction is fiscal folly. The economy needs more federal stimulus, enough to drive it toward full employment. As the economy grows, so too will private investment.

The tougher question is what to do when the economy becomes healthier. Most experts believe that America saves too little and therefore invests too little. One way to raise savings is to lower the federal deficit. That is a fine idea as long as the deficit is closed in a way that lowers consumption. To do that, Congress would have to raise taxes and cut middle-class entitlements — actions that Congress loathes.

The worst way to cut the deficit would be to torpedo Mr. Clinton's program before it was even launched. That would amount to cutting investment to raise savings, which were supposed to spur investment. Said another way, Mr. Clinton threatens to raise investment by lowering investment — which makes no sense any way you say it.

The proper focus for policy is investment, not the deficit. That means judging federal programs by their merits. Is the nation better off with tax subsidies for farmers, or lower deficits? Is the economy better off training workers, or lowering the deficit? Would laying fiber optic cable to every home be a better use of resources than leaving them in the hands of private investors?

Fixation with deficit reduction answers no such questions. In the end, Congress must pick programs that work and pay for them with a combination of taxes and borrowing. There is, however, one principle that can guide Congress: Borrowing or taxing to pay for productive public investments never hurts the economy. Rejecting productive investments for the sake of deficit reduction surely hurts the economy.

Mr. Clinton promised to be a different kind of Democrat, one who pays attention to the need for investment and growth. But he also said he would sacrifice his investment program before he would raise taxes on the middle class. Now he says he will sacrifice investment to hit his deficit target. He seems on the verge of ripping out the heart of the program that attracted many Americans to his cause. Then and now, they reviled George Bush's three little words. Their three words for Bill Clinton, far from "Read my lips," are "Invest in people."

— THE NEW YORK TIMES.

A Course in Megagifts

Johns Hopkins University recently got an end-of-year present of $50 million from a devoted alumnus, a gift notable not just for size but for the use to which the Baltimore philanthropist Zanvyl Krieger directed it should be put: toward support of the arts and humanities. The Hopkins gift is the largest in recent memory for these areas and also is one of a steadily increasing stream of very large gifts to American universities over the past half decade. In the second quarter of 1992, five gifts were announced of $50 million or more, a level that used to be associated more with major fund-raising campaigns than with single gifts.

What is propelling this string of donations? The answer has a good deal to do with the dramatic change in income distribution in the 1980s. The number of people whose annual income tops $1 million has jumped thirteenfold since 1980 — one count puts it at 720,000 — and the largest proportion of those new fortunes belong to people now in their 30s and 40s.

Coupled with the income shift has been a longer-term upturn in the sophistication with which universities pursue large donors, an approach that flowered in the 1980s with highly aggressive and complicated wooings. Other charities have taken this path, too. By publicizing megagifts, donors and universities benefit from a copycat effect: Bill Cosby's gift of $20 million to Spelman College elicited an even larger gift to Spelman from the Reader's Digest Fund a few years later and is thought to have inspired other minority businessmen to major philanthropy.

Gift-watchers reject the idea that the current rash of generosity has much to do with impending tax changes; the typical megadonor, they say, has been cultivated for at least two years before making the gift and has had "a relationship" with the receiving entity for 10 or 20. The seemingly logical theory that the universities' current fiscal crisis brings donations also has holes: One expert notes that "you don't raise this kind of money on cries of poverty and weakness — you raise it on cries of strength and opportunity." Hopkins, which has been through a highly publicized budget crisis and streamlining, fits that mold pretty well. It's one more argument for universities to think carefully about where they're going, not just what they need in the meantime.

— THE WASHINGTON POST.

Other Comment

Let Him Balance the Books

The best thing President-elect Clinton can do now is stay out of the way and let the economy grow on its own. Working on long-term solutions will be better for the country than trying to devise some short-term fix. He should reconsider his call to spend $30 billion to stimulate the economy. Such an expenditure will only deepen the deficit and ignite inflation.

Mr. Clinton should concentrate on fixing that part of the nation's economy that is already in government control. The federal budget now consumes 24 percent of the U.S. economy. Balancing the government's books would be a real big help.

— Charleston (West Virginia) Daily Mail.

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Bush's Pardon Is an Assault on Congress

By Garry Wills

WASHINGTON — President George Bush's pardon of six Iran-contra figures is wrong but not silly. It is the argument for pardon that slides toward silliness.

The president says he is acting in the tradition of postwar presidents who forgave offenses committed during war. From what war is he pardoning offenses? The Cold War. But the Iran crisis arose from the taking of U.S. hostages, not an offense committed by communists. The Cold War was indirectly connected with the subsequent diversion of money to the contras, but that is the part of the affair Mr. Bush claims not to have known about, and it was not the focus of Caspar Weinberger's trouble. It is true that some people invoke the Cold War to cover anything done by the government. But Mr. Bush's use of it in this context verges on parody of that old claim.

Besides, grants of amnesty after earlier wars were for crimes committed against the government — from rebellion to draft-dodging to privateering. But the Iran-contra offenses were committed by the government, by officers of the executive. Mr. Bush's use of historical parallels is so much smoke to cover the real grounds for his actions.

The war at issue is not the Cold War but the war of the executive against the legislative. Mr. Bush uses the battle slogans of that war in the text of his pardon, from denunciation of "the criminalization of policy differences" to the "enormous resources" expended on "exhaustive" investigation.

Take this last thing first. Investigation and prosecution are always expensive and time-consuming. The goal is not simply conviction of individual criminals but exposure of the culture of crime, education of the public, deterrence of other criminals.

The pardon is not aimed at mercy for the particular defendants, drawing oblivion over their past deeds. It is aimed at the present struggle against Congress and its right to pass special prosecutor laws. It is a political use of the pardoning power. We cannot condemn all political uses; they were foreseen from the outset. It was to restore politically peaceful conditions that reprieves, pardons and amnesties were granted. But there was one area that the ratifiers of the constitution excepted from the president's pardoning power, and that had to do with congressional-executive relations.

The exception is impeachment. No presidential pardon can reach impeachment or conviction after impeachment. Why? The usual answer sometimes misses the point. It is said that the president should not be able to pardon himself. But the constitutional exception goes far beyond that. The president cannot pardon a "civil officer" impeached and/or convicted. That, too, might be considered self-pardoning, since the officer is in the president's own executive department. But a president cannot pardon an impeached judge either. So the issue is not executive self-protection. It is the right of Congress to oversee the performance of the other two branches and to punish those who commit "high crimes or misdemeanors" in either branch.

That is why Mr. Bush's pardon is unpardonable — not because it is unconstitutional in itself, but because it is aimed at subverting a basic constitutional principle, one that trenches closely on the area forbidden to pardons, the right of congressional oversight of other branches.

The ratifiers made it clear that they did not conceive the pardon power as an instrument to protect other branches from Congress. But that is how Mr. Bush has used it. None of his cited precedents apply to this, the crucial part of the pardon. Even Gerald Ford's pardon of Richard Nixon — which he left unmentioned — does not apply. Mr. Nixon was out of office, unimpeachable, beyond congressional jurisdiction, when he was pardoned.

Those just pardoned by Mr. Bush were not facing impeachment, either; but in exempting them from indictment or prosecution, not by ordinary federal attorneys but by Mr. Walsh, the president was attacking the very basis of the special prosecutor's office as a "criminalization of policy matters." This is a misuse of the pardoning power, in defiance of the Congress that established Mr. Walsh's office.

Luckily, the whole matter can backfire. Congress will not readily drop the special prosecutor law, which is up for renewal, now that it has been attacked so irresponsibly.

The writer, adjunct professor of history at Northwestern University, is most recently author of "Lincoln at Gettysburg." He contributed this comment to The Washington Post.

Dragging Ethics and Law in the Dirt

By Leslie H. Gelb

NEW YORK — My problem with President George Bush's self-described act of "honor, decency and fairness" is not that he pardoned a clutch of ex-officials involved in the Iran-contra affair, but that he pardoned their crimes. I might well have pardoned former Defense Secretary Caspar Weinberger and the others myself. And if I were Bill Clinton, I would pardon Mr. Bush in advance of any charges to put this mess behind us and get on with the task of reconstructing America.

But first, our leaders must make clear that the crimes committed were crimes — and not, as Mr. Bush called them, acts of "patriotism." Nor were the prosecutions based merely on "policy differences" between Congress and the executive. Unless this distinction is made vivid, America casts aside the core issue of democratic government — the accountability of public officials to the law.

The deal was this: The Reagan-Bush team helped sell arms to Iran in return for the release of Americans held hostage by Iran's allies in Lebanon. The team used proceeds from the sales and "donations" solicited from third countries to arm Nicaraguan contras.

The Iran half of this melodrama violated the spirit and/or letter of laws banning the trafficking in arms with a terrorist state. And Iran had been designated as a terrorist state under the law. The deal also broke the spirit and/or letter of a law that requires congressional approval of arms sales to any state. The administration never notified Congress of the transaction.

The Nicaraguan part of the scheme violated a law forbidding the transfer of arms to the contras. The administration contended that the ban applied only to government "departments or agencies," and not to the National Security Council staff. Huh? The Reagan-Bush team also circumvented the law's intent by soliciting money from other countries to buy arms for the contras.

After all these acts were publicly exposed, the Reagan-Bush team committed other crimes, such as lying under oath and obstruction of justice. Oliver North of the NSC staff lied under oath to Congress and destroyed evidence. Remember his secretary, Fawn Hall, who put secret documents in her boots and underwear to get them out of the White House before FBI investigators closed in? Several CIA operatives also lied under oath to congressional committees about what they knew. Mr. Weinberger denied under oath having notes pertaining to the Iran-contra transactions. He lied.

These acts were all committed with intent to deny evidence to and impede the investigations of lawfully constituted bodies. If the criminality is not clear, then we might as well abandon all efforts at human communication and return to prehistoric grunting.

Mr. Bush, in his pardon proclamation, resorted to post-modernistic ethical manure. For all intents and purposes, he decriminalized acts committed in the name of patriotism, so long as the patriots sought no financial gain for themselves. No kidding. Here's how he justified pardoning five of his fellow officials: "First, the common denominator of their motivation — whether their actions were right or wrong — was patriotism. Second, they did not profit or seek to profit from their conduct." Catch that "whether their actions were right or wrong."

Mr. Bush went on to attack the prosecutors "for the criminalization of policy differences." Breaking laws on arms sales and dealing with terrorists, mere "policy differences"? What that really means is "mere laws" and "mere democracy" to the self-proclaimed patriots who think they are above the people's laws.

The New York Times.

Isolate Peru's Dictator and Quash the Persecution

By Gustavo Gorriti

WASHINGTON — The lame-duck Bush administration might be promoting democracy elsewhere, but not in South America. As the United States moves, gingerly but methodically, toward normalizing relations with Peru, persecution there is reaching new levels of viciousness.

On Dec. 14, the day the Organization of American States virtually legitimized Alberto Fujimori's dictatorship, Alberto Borea, president of Peru's dissolved Senate, sought asylum in the Costa Rican Embassy in Lima. He is one of many Peruvians who have sought refuge in embassies in recent weeks to escape arrest or kidnapping by police and military goon squads. Others remaining in Peru confront the repression that has grown brazen since Mr. Fujimori's seizure of dictatorial powers in April.

There is not one leader of a major party, right or left, who has not been harassed, arrested or driven into exile. Not one human rights organization that has not been accused of serving as a facade of the Shining Path or the Tupac Amaru Revolutionary Movement. No independent or opposition journalist who has not been harassed or kidnapped.

Does this look like a democracy? The U.S. administration thinks so. The assistant secretary of state for inter-American affairs, Bernard Aronson, in a stunning turnaround from his proclaimed support for democracy and condemnation of the coup, has said America is ready to normalize relations.

On Dec. 14 the United States led a seemingly brain-dead assembly of OAS foreign ministers into virtual legitimation of Mr. Fujimori's coup. It agreed to close Peru's case as soon as a sham Congress, elected Nov. 22 without the participation of all major parties, begins its work. Full resumption of U.S. financial cooperation with Peru is expected soon.

In an interview with the Peruvian weekly Caretas, Luigi Einaudi, the U.S. ambassador to the OAS, who supported Peru's military dictators in the 1970s and backs Mr. Fujimori, said that a dictatorship "doesn't exist anymore" now that a new assembly has been elected.

He added: "I have been a defender in the past, in a certain way, of the military institutionality in Peru. I would like an equivalent civilian institutionality in Peru. So, there are developments in the last few months in Peru which are positive."

Consider these "positive" developments. Vice President Máximo San Román, who denounced the coup and was proclaimed lawful president by the Congress after it was dissolved, has been accused of plotting Mr. Fujimori's overthrow and has received death threats. Workers in his businesses have been assaulted and robbed; one worker captured an assailant, who turned out to be a policeman working in the presidential palace.

Another Fujimori target, Enrique Zileri, publisher of Caretas, cannot leave Peru and could be jailed at any time. To gain international acceptance for his coup, Mr. Fujimori allowed limited press freedom, and Caretas and other magazines have published articles critical of him.

Mr. Fujimori has been particularly incensed by Caretas exposés of his chief adviser, Vladimiro Montesinos. Cashiered out of the army, Mr. Montesinos built a power base and fortune mainly as a legal strategist for drug traffickers. He has had a close relationship with the CIA and controls the intelligence services and, through them, the military.

To prevent Caretas from investigating him, Mr. Montesinos sued Mr. Zileri. Because Mr. Fujimori had purged noncompliant judges, the courts supported his adviser and Mr. Zileri has had to pay a hefty fine. Mr. Montesinos then turned to demanding that the publisher be jailed.

Pedro Huilca, the head of Peru's biggest trade union, was assassinated on Dec. 18. The former president, Alan García Pérez, in exile in Colombia, said Mr. Huilca called him two days before his death and told him about rising threats from Mr. Montesinos' intelligence services.

The government has accused several human-rights workers and leftists of terrorism, basing the charges on their work for such organizations as Americas Watch or Amnesty International. Intellectuals who risked their lives opposing the Shining Path are smeared as the rebels' collaborators.

Some U.S. officials say privately that Shining Path's threat to Peru and then the capture of its leader, Abimael Guzmán Reynoso, have led to the new tolerance for Mr. Fujimori's dictatorship. But it is hard to understand how a man who has divided what should have been a solid front against the Shining Path and who wastes the security services' resources persecuting legal parties and harmless individuals can gain long-term advantage against the insurgents.

Mr. Fujimori is the only dictator in South America. But he might not be alone, if the United States fails to make an example of Peru and support democratic forces there. President-elect Bill Clinton must lead the rest of the hemisphere in challenging the rape of democracy in Peru. If Mr. Fujimori were isolated, his shaky foundations would soon crumble and he would be overthrown. Peru and the rest of the hemisphere would benefit.

Gustavo Gorriti, a Peruvian writer, is a senior associate at the Carnegie Endowment for International Peace. He contributed this to The New York Times.

Don't Write an Obituary Yet for the New Cambodia

By Dennis McNamara

PHNOM PENH — Recent reports that the peace accords in Cambodia have collapsed and that the country is slipping back into chaos are premature and exaggerated. Following the refusal of the Khmer Rouge to disarm, the peace process has reached a crucial political phase that will require intensive diplomatic efforts with all parties in the weeks ahead. But much has been achieved in the past year.

The peace plan that the four Cambodian factions and 19 governments signed in Paris in October 1991 was a hard-fought compromise. It was designed to transform a devastated and traumatized country into one governed by civil laws and able to meet international standards for elections.

The political, economic and social changes that have taken place are unlikely to be reversible. But full rehabilitation needs long-term support.

In looking where Cambodia is today, it is essential to keep in focus where it has come from, and what it has gone through. The nation's deep physical and emotional wounds will take generations to heal.

Still, the resilience and determination of the Cambodian people has been underestimated. Although the Khmer Rouge continue to denounce UN operations — with disastrous effects on the disarmament and demobilization part of the accords — military conflict is still at manageable levels despite a recent surge in fighting in some parts of the country.

Banditry and random killing are too prevalent in many areas. Yet despite this, 830 electoral registration teams have safely gone into all provinces to inform and register voters. The response has been overwhelming, with more than 4 million Cambodians registering to vote weeks ahead of schedule. So far 20 political parties have registered with the United Nations for elections that are due in May. There are clear signs that Cambodians want to take part in an election that may offer them real political choices.

Many critics had predicted dire consequences for refugees returning to Cambodia from camps on the border with Thailand. Mines, malaria, bandit attacks and political harassment by rival factions were seen as major dangers. Yet more than 220,000 Cambodians have come home with relaively few serious incidents, and the remainder are preparing to leave the camps.

There have been some problems with their reintegration, but the office of the UN High Commissioner for Refugees has had more difficulty in regulating the pace of the repatriation movements. Again, the determination of Cambodians to rebuild their lives in their own country was underestimated.

Since the late 1970s, Cambodia has been synonymous with gross violations of human rights. It was agreed at the Paris peace conference that the "policies and practices of the past" must never be allowed to return. The UN Transitional Authority in Cambodia, which is charged with implementing the accords, has a mandate to foster respect for human rights.

Not surprisingly, UNTAC has faced, and continues to face, serious deficiencies in this area. Cambodia's court system has lacked nearly all the attributes needed to be independent and fair. There are only a handful of qualified lawyers or judges.

Violence has become almost institutionalized in society. Attacks on political opponents and parties are numerous. The Vietnamese minority has been the victim of ethnic killings.

But much of the population yearns for better things and progress has been made. Hundreds of Cambodians have come to UNTAC to complain about mistreatment by officials and the police. The authorities have opened prisons to UNTAC and released political detainees. The Supreme National Council of Cambodia, which has interim powers pending formation of an elected government, has acceded to seven major human rights treaties since April. It has adopted a new penal and judicial code that incorporates basic human rights safeguards.

Judges and police officials across the country have recently undergone basic human rights training. Education and training programs are eagerly sought both by officials and ordinary Cambodians. The population is thirsting for information about ideas that have previously seen little light. In the past six months, more than 50,000 have signed up with newly created Cambodian human rights groups.

However, the fragile plant of democracy and human rights will require very careful nurturing if it is to survive the political storms ahead. Cambodians need all the help they can get if they are to rebuild the institutions and rules of their society, as well as the roads and hospitals.

The political, economic and social changes that have taken place in the past year are unlikely to be reversible. But full rehabilitation requires the long-term support and involvement of the world community. The United Nations can help. Cambodia's rich, stable neighbors in the Association of South East Asian Nations, as well as the major powers behind the peace process, have a special responsibility.

The dangers of a quick-fix, short-term approach are real, especially at a time when the international political agenda is overcrowded. Premature obituary notices for the Cambodian peace process only add to this risk.

The writer is director of human rights in the UN Transitional Authority in Cambodia. He contributed his views, which are entirely his own, to the International Herald Tribune.

Restoration Can Begin At Justice

By Anthony Lewis

BOSTON — The choice of Zoe Baird to be attorney general is the most inspired stroke of Bill Clinton's cabinet-making. She is the first woman in the office, which matters. But it matters more that she has the wisdom, professional respect and determination needed to take on what may be the most daunting job in government.

The Justice Department, once so revered, has become a symbol of Americans' loss of faith in government. In the Nixon years, it harbored criminality at the top. After a revival in the Ford and Carter administrations, it has sunk into a mire of politicking and malfeasance.

It is a large department, with responsibilities of management as well as law. It includes the Immigration and Naturalization Service and the federal Bureau of Prisons. It has much to say about the enforcement of environmental protections. The appalling crime problems of American society are on its agenda. It has the duty of protecting civil rights and liberties. It plays a large part in the selection of federal judges.

To list those responsibilities is to recognize one thing that has gone wrong in the department. In one area after another, it has put politics above the interest of justice, yielding to partisan and ideological pressure.

Thus the present attorney general, William Barr, does his best to cover up Iraqgate, the scandal of how the Reagan and Bush administrations financed Saddam Hussein's military buildup until the very eve of his attack on Kuwait. Thus the prison service breaks its own rules to punish a prisoner, Brett Kimberlin, because he wanted to tell the world that Dan Quayle had bought marijuana.

A first step that Zoe Baird will doubtless take to restore morale in that disheartened agency is to make clear that politics will stop at the department's door. That and a commitment to end Justice's obsession with secrecy of recent years — unnecessary secrecy in its own affairs and in government generally.

Right now, the Supreme Court has before it a case in which Justice successfully prosecuted two corporate officers for receiving unclassified government information that no law or regulation restricted. The case, McCausland v. U.S., is one in which Ms. Baird and her solicitor general could make an important point by confessing error.

The present Justice hierarchy went back on an undertaking to the courts by refusing to let Haitians whom its own officers had identified as probable political refugees consult lawyers about their asylum applications. The Immigration Service is also still barring political radicals from the country, subverting Congress's repeal of that notorious provision of the McCarran-Walter Act.

Crime legislation is another problem that Ms. Baird will have to confront. A crime bill foundered in the last Congress over the Bush administration's resistance to gun control and its wish to gut the ancient remedy of habeas corpus.

For the last 12 years, judicial appointments have been largely controlled by right-wing zealots in Justice and the White House counsel's office. The Democrats naturally want their turn, but Ms. Baird could do the courts a great service by reducing the level of ideological relentlessness in the search.

One more question on which Ms. Baird will quickly have to advise is renewal of the independent counsel statute. George Bush's wholesale pardons of men prosecuted by independent counsel Lawrence Walsh in the Iran-contra affair will make the politics of the issue even pricklier.

Many regretted the impending trial of former Secretary of Defense Caspar Weinberger, who after all opposed the folly of trading arms to Iran for U.S. hostages. But pardoning men who were guilty of lying to cover up the affair is another matter.

The pardons really present in acute form the larger challenge facing Zoe Baird: To restore faith in constitutional government. Mr. Bush said the men he pardoned had made no profit and acted out of patriotism. But they violated the constitution. Until the gravity of that offense is recognized, the U.S. system will be in trouble.

It is a great set of challenges for Zoe Baird. But if anyone can meet it, I believe she can. She has the high regard of many lawyers and of the devoted career employees of the Justice Department.

One official there said: "It is a restorative appointment."

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Sweet Commerce

NEW YORK — American innovations are rapidly making their way into England. The latest of these changes is the introduction of American "candies." The English used to be very fond of taunting Americans with their partiality for sweets of all kinds. But now there is a perpetual stream of customers flocking into the new shops for molasses candy and chocolate creams whilst the old-fashioned toffee dealer stands looking on ruefully and sees that nothing remains for him to do but to put up the shutters and go home.

1917: Railroad Decree

WASHINGTON — President Wilson, in the name of the Federal Government, will take complete possession of and operate every railroad in the United States at noon tomorrow [Dec. 28]. All railroad employees will be automatically mobilized and placed on equal footing with the nation's fighting men. "This war is a question of resources, rather than of man-power," the President said. "In order that all the resources may be mobilized, more transportation must be organized and placed under a single control, whose simplified services will produce better results than if they were run by private initiative."

1942: Rationing in U.S.

WASHINGTON — [From our New York edition:] The Administration announced tonight [Dec. 27] that the rationing of virtually all canned, dried and frozen foods and vegetables will be made effective in February as the first step in the new food-rationing program to be inaugurated under the "point" ration system copied from Great Britain. The new rationing program will embrace more than 200 kinds of food. Civilians will have available only a little more than half of the amount of these foods that they have consumed in recent years, the Secretary of Agriculture said.

CAPITAL MARKETS

French Government Debt Favored for '93 Portfolios

By Mark Gilbert
Bloomberg Business News

LONDON — French government bonds, helped by low inflation and high yields, are poised to top Europe's major bond markets in 1993 even as the franc wobbles into the March parliamentary election, analysts say. Italy, Spain and the much maligned market for bonds denominated in European currency units also may offer attractive returns next year, some investment strategists contend. In contrast, Germany may lose its luster as the traditional strongman of European bond markets.

"The French bond market is very well placed to benefit from the strongest economic fundamentals in Europe," said Julian Jessop, an economist at Midland Global Markets. French bonds, which provide yields more than one percentage point higher than those on German government bonds, are "a buy no matter what happens to the currency," said Steve Major, an analyst at Crédit Lyonnais.

Analysts say inflation is a threat to German bonds.

That is partly because inflation in France, now about 2.1 percent annualized, is the lowest among Europe's large economies. Germany's annual rate is hovering at 3.8 percent; Italy's at 4.9 percent and Britain's at 3 percent. The French franc ultimately "will be stronger even if it's devalued," Mr. Jessop said. "In the long-term, it's more likely the currency will go up rather than down."

In dollar terms, 1992 was a rocky year for the international bond market. Japanese government bonds had the highest returns, 12.35 percent, while Italy showed the worst, at negative 11.01 percent, according to an index of international bonds compiled by J.P. Morgan & Co. through mid-December. Following Japan, Dutch bonds returned 11.77 percent; German issues, 9.01 percent; and French securities returned 6.46 percent. British bonds lost 1.64 percent of their value, while Spanish issues slid 7.73 percent.

All European markets did well in local-currency terms. Britain was up 17.56 percent; the Netherlands, 15.23 percent; Germany, 12.60 percent; France, 9.99 percent; Italy, 9.03 percent and Spain, 6.49 percent, J.P. Morgan's data show.

Many analysts have said they expect the Bundesbank to begin cutting German interest rates in the first quarter of 1993. While that may suggest a bond-market rally, concern about German inflation and the mark's possible decline could make investors skittish.

German inflation probably will rise to 4.5 percent early next year, said analysts at Swiss Banking Corp. "Inflation will put a lid on the bond market and is likely to trouble the Bundesbank's stability policy for quite some time," said Armin Kayser of SBC.

The cost of rebuilding Eastern Germany is one of the causes of the high inflation, and it is also leading to ballooning sales of government bonds. This year's public-sector deficit likely will total about 110 billion Deutsche marks ($68.77 billion), according to Bundesbank forecasts. Debts incurred by state-owned companies may add 55 billion DM to the gap.

The French government bond market may stumble as the March

See FRENCH, Page 11

European Bank: The Takeoff Gets Smoother

By Richard W. Stevenson
New York Times Service

LONDON — As president of the European Bank for Reconstruction and Development, Jacques Attali has a grand vision for financing the emergence of vibrant capitalist economies in Eastern Europe and the former Soviet Union, leading eventually to a vast pan-European market.

"We should be a go-between between East and West," the ebullient 49-year-old Frenchman said in an interview at the bank's headquarters here.

His aspirations strike some diplomats and business executives as outsized if not pretentious, given the European Bank's record so far. The institution, established 20 months ago by West European nations and the United States to provide loans and investment funds to fledgling enterprises in the former Soviet bloc, has completed only about 50 transactions and committed $1.5 billion of capital.

The European Bank may never be as big or as influential as Mr. Attali envisions. But with other sources of financing in Eastern Europe and the former Soviet Union extremely limited, the bank is starting to gain respect from government officials and business executives for making the most of its money. Its sponsors have committed $3.75 billion of capital through 1996.

Certainly its efforts have not gone unappreciated by the companies it has financed. For instance, Konspol-BIS, a poultry-processing company in Poland, said a $16 million loan from the bank was essential to getting an additional $9 million needed to build a new plant that will create 300 jobs.

"The European Bank's involvement in the project was absolutely crucial to putting the deal together," said Maciej Raczkiewicz, who owns 22 percent of Konspol.

Mr. Attali, a French socialist philosopher-politician with no training as a banker, said he recognized the impatience felt by East European countries as well as the Western governments financing the bank.

"We are still in the takeoff period at a time when people wish we were at full speed," he said.

He said the bank faced some deep-rooted biases, among them the European Community's reluctance to help build economic competitors in the East and then open up trade with them.

Nonetheless, he said, the bank's accomplishments so far are not inconsiderable. It has financed a venture to provide better international telephone service in Moscow, backed an Italian-Polish joint venture setting up a jeans-production plant in Poland, provided capital to a Romanian bank to make loans to farmers and agriculture-related industries, and lent money to a company setting up Burger King franchises in Hungary.

It helped finance a deal under which General Motors set up a plant in Hungary. Along with Air France, it took a stake in CSA, the Czechoslovak airline. In the last several weeks it has approved loans to a Hungarian company to build a plant that will supply tire and rubber companies in Europe with carbon black, and to a company in Poland that makes turbo generators.

Mr. Attali himself also seems to be finding his stride. He initially alienated some members of the bank's board, who are appointed by the nations that have contributed the institution's capital and who have final say over all transactions. They said they saw him as publicity hungry and headstrong.

He was rebuked earlier this year by the U.S. Treasury secretary, Nicholas F. Brady, for pushing a plan to make cut-rate loans in support of long-term economic changes to East European governments and former Soviet republics.

The United States, the largest contributor to the bank's capital, with a 10 percent stake, held that such a program would have violated the bank's charter to operate by commercial bank standards and concentrate on providing help to the private sector.

But Mr. Attali in recent months has patched up his differences with the United States and concentrated on transactions that provide financing directly to private

See BANK, Page 11

Factories Curtail U.S. Tool Orders

Compiled by Our Staff From Dispatches

WASHINGTON — Orders for U.S.-made machine tools fell 22 percent in November, hurt by weak overseas demand and delayed domestic purchases by manufacturers waiting to see President-elect Bill Clinton's investment package, a report for Monday release said.

The Association for Manufacturing Technology said orders fell in November to $161.30 million, from $206.75 million in October. It was the second steep fall from September's $283.85 million — the best level so far in 1992.

November orders were 30.1 percent below the $230.70 million reached in November 1991.

Machine tools are used to cut and shape metal to produce a huge range of goods, from cookware to aircraft. Spending for new tools is considered an indication of the outlook for industrial production.

"The decline in November was the result of unusually large cancellations and customer uncertainty over possible investment incentives in 1993," said Albert Moore, president of the trade group.

Mr. Clinton has promised to take steps to boost the economy, and an investment tax-credit is expected to be part of his stimulus package.

"A lot of companies will be putting off new orders until they see what Clinton is going to produce," said Jean Sundrla, a private economist in Alexandria, Virginia.

She added that the global recession and the rising value of the dollar were also hurting the industry by weakening export demand and making U.S. machine tools expensive for foreign buyers.

For the first 11 months of the year, orders were off 1.0 percent from the similar period in 1991, a year that saw the deepest part of the recession and the war to eject Iraqi forces from the oil fields of Kuwait.

Export orders last month were down 20.5 percent, at $18.20 million, from October's $22.90 million.

The backlog of machine-tool orders, which measures how fast manufacturers are meeting demand, decreased to $1.44 billion in November from $1.49 billion the previous month.

(Reuters, Bloomberg)

Getting Leaner at Air France

By Agis Salpukas
New York Times Service

PARIS — When an Airbus A-300 takes off for Air France, three crew members crowd into a cockpit designed for two. The French carrier is the only airline in the world to have a flight engineer in an aircraft on which new instruments and automation have made the job superfluous.

Such a situation does not prevail on all aircraft models that Air France flies. But the engineer's presence is still a blatant example of how the French tradition that people should not be thrown out of work, even though their usefulness has ended, make the state-owned carrier appear woefully unprepared for the deregulation of Europe's airline industry, beginning Jan. 1.

In contrast, the labor and benefit costs of British Airways are 40 percent lower. BA has also made huge strides in revising work rules, raising its productivity.

At the same time, U.S. carriers including American, United and Delta are expanding in Europe. With their lower costs, huge domestic systems that allow them to feed their international flights and long experience in the brutal conditions of deregulation, they are putting pressure on Air France and other European carriers.

Nevertheless, Air France has hidden strengths that could enable the carrier, which ranks third in the world in operating revenue, to be one of the survivors in a brutal process of consolidation in Europe.

The carrier has a loyal, growing market in France, and it has acquired the domestic airlines Air Inter and the long-haul carrier UTA, which are beginning to feed its international flights.

It also has a strong hub at Charles de Gaulle Airport outside Paris, where a terminal is being built to link the airport with France's high-speed trains.

It is on these strengths that Bernard Attali, the 49-year-old president of Groupe Air France, must build while getting his airline into fighting trim and avoiding what he sees as destructive aspects of deregulation.

The hub is particularly important because starting on Friday, European carriers will be able to expand into each other's markets and to enjoy greater flexibility in setting fares.

Consequently, European carriers are bracing themselves for fare wars, ruthless struggles to dominate major routes like Paris to London and the shifting of traffic to a handful of carriers.

These trends — familiar to U.S. airline executives — strike fear into the hearts of their European counterparts. Most say deregulation in the United States has led to a decline in service to passengers and the evolution of a small group of carriers with the potential to act as an oligopoly.

"We play the game," Mr. Attali said of the coming deregulation in an interview earlier this month in his office. "It's a stupid game," he continued. "No one

Despite its high costs, the French carrier has hidden strengths to help it through the European industry's consolidation.

knew at the beginning of the game that it would be a killing game." Nevertheless, he has tackled the toughest part head on — shedding jobs.

Mr. Attali, who was brought in four years ago to revamp the airline after a career in government and finance, says resolution is important.

"I like people who do what they have to do," he said. "If you do the job, whatever happens, then you are a real leader." Mr. Attali had a chance to put that philosophy to work earlier that day as union leaders and representatives of several hundred demonstrating

See AIR FRANCE, Page 11

Japanese Electronics Run Out of Steam

By Andrew Pollack
New York Times Service

TOKYO — Japan's electronics industry, once considered nearly unstoppable, is suffering from its worst slump since World War II, figures from its trade association show.

Production of electronics equipment in Japan fell an estimated 10.6 percent in 1992 from 1991, the first double-digit decline since World War II, the Electronics Industries Association of Japan said in a report. The group predicted output would grow a scant 1.5 percent in 1993.

The decline in 1992 Japanese electronics production to 22.6 trillion yen ($182.48 billion) was unexpected. A year ago, the industry association had projected that output in 1992 would grow 5.6 percent.

The organization's annual assessment painted a surprisingly gloomy picture of an industry battered by slack demand in its home market and a lack of innovative products, plus rising competition from a resurgent U.S. industry and from low-cost manufacturers in East Asia.

Indeed, the slump affects virtually all products made by the Japanese, including televisions, videocassette recorders, computers, calculators, semiconductors, telecommunications equipment and scientific instruments. It is forcing Japan's once vaunted companies to undergo painful restructuring.

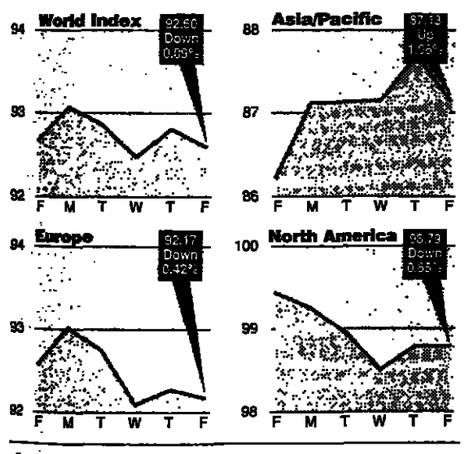
While the main cause of the production downturn is recession in Japan, the report indicated there were several factors that would hurt the Japanese industry even after the economy improved.

Consumer-electronics companies, for instance, are suffering not only from recession but from the fact that most consumers already own videocassette recorders and television sets. New products are needed to fuel growth, but none have emerged. While some companies have placed their hopes on high-definition television and on digital audio recorders, the trade association said these products would not make an impact for years, if at all.

In computers, the producers of mainframes are starting to feel the effects of the shift toward small machines-

THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News.
Week ending December 25, daily closings. Jan. 1992 = 100.



Industrial Sectors/Weekend close

	12/25/92 close	12/18/92 close	% change		12/25/92 close	12/18/92 close	% change
Energy	92.64	93.50	-0.92	Capital Goods	92.60	92.28	+0.35
Utilities	87.86	87.19	+0.77	Raw Materials	93.07	94.08	-1.07
Finance	85.58	84.74	+0.99	Consumer Goods	94.04	95.57	-1.60
Services	103.17	101.96	+1.19	Miscellaneous	94.23	93.49	+0.79

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, *and* Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. *In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.*

CURRENCY & RATES

Cross Rates Dec. 24

	$	£	D.M.	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	C$	Pesetа
Amsterdam						Not Available					
Brussels	32.65	58.01	58.56	6.033	2.972 *	18.2825	——	22.92	0.2653	25.91	29.18 *
Frankfurt						Closed					
London (a)	1.534	——	1.8378	0.3228	2.174.00	2.741	59.155	2.2023	169.585	1.9228	172.68
Madrid						Closed					
Milan	1,428.00	2,185.00	895.75	262.50	——	796.65	43.582	699.25	71.528	1,132.48	72.645
New York (b)	——	1.5275 a	1.5995	5.4575	1,428.00	1.7908	32.875	1.4695	122.945	1.2688	113.30
Paris	5.429	8.32	3.6111	——	0.3809 *	5.8223	0.1659	2.3728	4.2853 *	4.4228	4.81*
Tokyo	122.85	188.68	77.67	22.68	0.869	44.89	2.2713	85.59	——	98.39	1.8949
Toronto	1.2649	1.9714	0.7882	0.2212	0.0884 *	0.7858	0.3928 *	0.8987	1.018 *	——	1.112 *
Zurich	1.438	2.2882	0.9044	0.2648	0.1871 *	0.883	4.3918 *	——	1.1424 *	1.1422	1.2742*
1 ECU	1.2202	0.8827	1.958	6.4787	1,763.26	2.2025	48.261	1.7702	152.297	1.5498	138.149
1 SDR	1.28832	0.9926	N.Q.	7.3202	N.Q.	2.48	45.3336	1.9922	171.348	N.A.	N.Q.

Closings in Amsterdam, London, New York and Zurich, fixings in other centers; Toronto rates at 12 p.m. Tokyo rates from Dec. 25.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9901	Greek drac.	212.55	Mex. peso	3121.00	S. Afr. rand	3.017
Austral. $	1.4472	Hong Kong $	7.7295	N. Zealand $	1.9406	S. Kor. won	788.20
Austr. schil.	11.24	Hung. forint	81.59	Norw. krone	6.7545	Swed. krona	7.841
Brazil cruz.	11271.	Indian rupee	28.902	Phil. peso	24.10	Taiwan $	25.44
Chinese yuan	5.7655	Indo. rupiah	2061.50	Polish zloty	14917.	Thai baht	25.45
Czech koruna	27.76	Irish £	0.6033	Port. escudo	143.00	Turkish lira	8408.00
Danish krone	6.7365	Israeli shek.	2.4437	Russian ruble	414.50	UAE dirham	3.6727
Egypt. pound	3.3245	Kuwaiti dinar	0.2996	Saudi riyal	3.7495	Venez. bolív.	79.20
Fin. markka	5.2534	Malay. ring.	2.592	Sing. $	1.633		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5185	1.5139	1.5092	Canadian dollar	1.2648	1.2683	1.2714
Deutsche mark	1.6055	1.6120	1.6190	Japanese yen	122.82	123.84	122.85
Swiss franc	1.4830	1.4956	1.4987				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Frankfurt Notebook

Made in Germany: Questions About Xenophobic Violence

Made in Germany, once a simple, proud and harmless sign of quality workmanship, of late has demanded clarification as local businessmen confronted their country's little-discussed dependence on foreign labor at a time of rampant xenophobic violence.

Klaus Harpprecht, a journalist at Manager magazine, summarized a growing fear succinctly: *Nazis kosten Geld*, or Nazis cost money. The Cologne-based German Economics Institute likewise called *Ausländerfeindlichkeit*, or violence against foreigners, a "boomerang" that "damages the image of Made in Germany."

The issue has dominated small talk in encounters not only with representatives of manufacturing industry, but also of finance and government, and it ranges from the clear macroeconomic benefits of foreigners' presence in Germany to the cultural composition of German society.

"We talk about it every time we meet with people here and abroad," Hilmar Kopper, chairman of Deutsche Bank, said at a recent press conference. "We tell people we want to and will bring these problems under control," he said of more than 2,000 reported acts of violence against foreigners in Germany this year.

Officials of the Treuhandanstalt, the agency that is overseeing the privatization of Eastern German industry, have said the proliferation of violence in the depressed region has become a vicious circle threatening investments that could help the economy. The Goethe Institute, which runs Germany's state-supported language schools, has registered a dramatic decline in enrollments abroad, and tourist officials bemoan a fall-off in interest in German Rhine river and other package-tour reservations.

At a pre-Christmas dinner in Stuttgart, several Daimler-Benz AG executives said Germany's slow reaction to the latest right-wing violence reflected officials' widespread lack of understanding of the importance of foreign labor.

More than 40,000 foreign workers at Daimler-Benz in Germany, in fact, or around 13 percent of its work force, are foreigners, as are about 7 percent of all registered workers in the former West Germany. Around one-third are so-called guest workers from Turkey, but few intend to return there.

Off the factory floor, many of Germany's best soccer players are also foreign, as are a growing number of entrepreneurs, students and artists. Contrary to Germans' exclusive definition of what is *Deutsch*, Germany has long since become a multicultural society without realizing it, one official said.

To its credit, German business has reacted to xenophobic violence much faster and more decisively than the government. While perpetrators of street violence are rarely caught and punished, the wrong word can easily get a worker fired. "If the government drags its feet, we have to act," said one chemical company executive.

Such emergency measures are already beginning to show results. Israel Singer, general secretary of the New York-based World Jewish Congress, last Wednesday denied a report the group was considering a call to boycott German goods and travel, and German industry breathed easier.

Happy Bundesbanking

In a year of dismal corporate earnings, one German institution is set to report a record profit, in the stratospheric ballpark of 20 billion Deutsche marks ($12.50 billion). The Bundesbank, in fact, is about the only local profiteer from Germany's high short-term interest rates, although it is not trumpeting the fact.

Economists predicted the Bundesbank's 1992 operating profit would easily surpass last year's 15.2 billion DM, though net earnings might be lower because of a foreign-exchange-related write-down. The Bundesbank is expected to calculate its dollar reserves at the lowest exchange rate of the year, 1.3870 DM to the dollar, rather than the year-end figure.

The happy recipient of most of the Bundesbank's profit is the cash-strapped federal government in Bonn, which will get almost double the 7 billion DM it expected.

Frank Franc Fears

German bankers say it is only a matter of time before the French franc is effectively devalued against the mark in the European exchange-rate mechanism. "The Bundesbank and Bank of France keep talking about economic fundamentals, but the markets don't react to fundamentals," said one bank economist. "The markets react to short-term interest rates, and everyone can see that France is strangling its economy in order to compete with Germany for foreign capital."

A recent survey of major corporate clients at an investment-banking firm, which is calculatedly sanguine about France's chances of keeping the current franc-mark rate, revealed unanimous expectations of a franc floatation or devaluation, an executive said.

But because France is considered unlikely for political reasons to float or devalue the franc without something to show for its efforts, markets have tuned their speculative antennae to the timing of a cut in German interest rates.

Brandon Mitchener

Worry on China's 12% Growth

Compiled by Our Staff From Dispatches

BEIJING — Prime Minister Li Peng has had to concede for the second time this year that China's economy is growing faster than wanted, according to official reports Sunday.

Mr. Li acknowledged at a national conference on the economy that the annual growth rate for 1992 would reach 12 percent, the state-run television news reported Sunday night.

In his annual address on the state of the nation in March, Mr. Li set a target of 6 percent annual growth in the economy for 1991-95. In June, he conceded that maintaining the 6 percent target was unlikely, but urged that growth be kept below 10 percent.

At the conference last week, Mr. Li also renewed warnings about overheating of the economy. The official Xinhua press agency reported that he urged restraint and said that the economy should develop "at a proper speed." But the prime minister did not specify what growth rate he considered proper.

Last week, the Communist Party general secretary, Jiang Zemin, also warned that the economy was in danger of becoming overheated, as governments at all levels pursued rapid growth and banks exceeded lending targets.

Prices in China's 35 largest cities rose nearly 13 percent in November from a year earlier, and industrial production in the first 11 months grew more than 20 percent from the same period in 1991.

Mr. Li cited several priorities for next year, Xinhua reported. They included improving product quality, breaking up monopolies by government departments or industries, carrying out price reform and establishing a legal system suitable for developing a market economy.

Separately, the official China Daily reported that the government had set a target of 12 percent annual growth for the services sector until the end of the century.

A plan for development of the sector was outlined late last week by Liu Jiang, deputy minister of the State Planning Commission, the newspaper said.

Mr. Liu, speaking at the National People's Congress Standing Committee meeting, said urgent priorities were development of commodities markets and increasing domestic and foreign investment in transportation and telecommunications, the paper said.

China's service sector is expected to grow 8.5 percent this year, according to a recent State Statistics Bureau report. The sector accounts for just over a quarter of China's GNP, compared with about two-thirds of GNP in developed countries' economies.

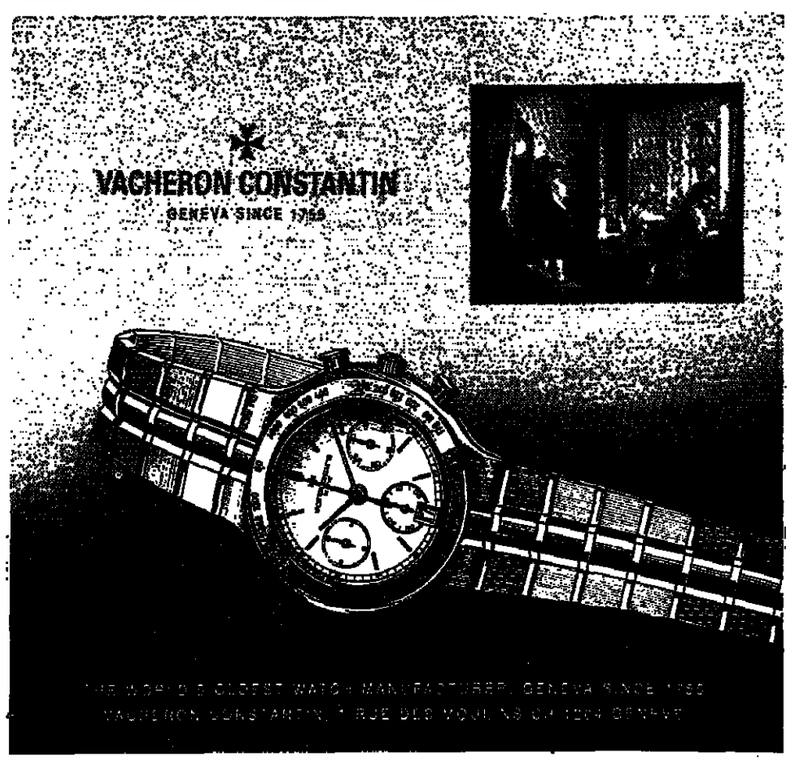
Also on Sunday, the Communist Party newspaper People's Daily said that China should take a first step toward making the yuan freely convertible by replacing separate official and unofficial exchange rates with a single rate.

The paper noted in a front-page commentary that domestic inflation and a growing appetite for imports had helped to push the yuan lower against the U.S. dollar despite government efforts to keep the official exchange rate relatively stable.

The official exchange rate on Sunday was 5.7374 yuan to one U.S. dollar compared with a rate of up to 7.3 yuan to the dollar at semiofficial foreign-exchange centers.

The yuan's value has dropped about 9.5 percent against the U.S. dollar since Beijing began its policy of a "managed float" in April last year, People's Daily said.

(A.P., Bloomberg, Reuters)



WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Dec 24

Canadian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Abb Fin	10⅛	94	102¾	7.58	
Aslinq	10⅛	01	107⅜	8.73	+78
Austri Control	10	96	103¾	7.39	
Austri Control	11¼	95	108¼	7.91	+82
Austri Control	9	97	102⅜	8.26	+80
Austri Control	9	97	103¼	7.93	+54
Austri Control	8½	97	102⅜	7.88	+49
Austri Control	10¼	99	107¾	8.26	+57
Austri Post	10¾	01	111	8.85	+88
Austria Rep	9¼	02	104½	8.46	+48
Awce Fin	11	93	101¾	7.88	
B N P	8	97	100¾	7.92	+57
B N P	9	97	103¾	8.13	+75
B P America	10¼	98	108¼	8.88	+145
B P America	10¼	01	109½	9.27	+130
Barclays	10¼	93	100¾	8.12	
Bayer Hype	6¾	96	94	7.78	+57
Bayer Hype	10¼	96	107¾	8.57	+102
Bell Canad Reg	9¾	98	103¾	8.52	+132
Bell Canada	10⅜	96	106¼	8.54	+131
Bell Canada	9¾	96	101¼	8.61	+112
Bell Canada	6¾	97	103	8.01	+68
Bell Canada	10⅜	99	108	8.93	+113
Bell Canada	12⅜	00	116¾	9.24	+131
Bell Canada	10¾	04	111¾	9.19	+126
Bell Canada	9¾	06	101¼	9.28	+119
Bmw Fin	10¾	93	102¾	8.39	+132
Bnp	8¾	02	102¾	8.42	+47
Bnp Dec	8¾	95	102⅜	7.91	+78
B P America	9½	02	107¾	9.28	+122
Brit Columb	9¼	02	104¾	8.25	+113
Brit Columb	10	96	105¼	8.15	+84
Brit Columb	10	98	107	8.48	+83
Brit Columb	10¼	01	109½	9.08	+113
Brit Columb	9¾	01	101½	9.09	+113
Brit Gas	10	94	103	7.93	
Brit Gas	10⅝	98	108¾	8.66	+119
Brit Gas	9½	01	101¼	8.85	+84
British Col	9½	02	104¾	8.17	+79
C C F C	10¾	94	102¾	7.71	
C C F C	10¼	96	105¾	8.27	+104
C N C A	10½	96	107¾	8.56	+131
Can Nat Rail	8¼	97	101⅜	8.06	+45
Can Nat Rail	8¼	97	101⅜	7.86	+45
Can Nat Rail	10	98	105⅜	8.51	+112
Can Nat Rail	9¾	01	107¾	8.36	+130
Can Nat Rail	9¾	01	107¾	8.36	+130
Canada	7½	97	100⅛	7.54	+13
Canada Treas	9¼	94	103¾	7.34	
Canada	8¾	97	101¾	7.97	+156
Cibe Geigy	9¼	98	102¾	8.36	+108
Cie Bancaire	8¼	97	100¾	8.29	+104
C F Local	10¾	93	101¼	7.84	+44
C F Lyonnais	10¾	96	106¾	8.32	+108
C F Lyonnais	8½	97	101½	8.05	+88
Daimler N Am	9¼	96	102¾	8.10	+103
Deut Bk Fin	11¼	95	107¾	8.14	+85
Deut Bk Fin	7¼	98	98¾	8.21	+67
Deut Bk Fin	10¼	01	109¾	9.08	+112
Deutsche Fin	7¼	97	98⅝	7.71	+37
Dsl Bank Nov	6¾	97	95	7.69	+29
D S L B	10	95	103	8.39	+140
Ecsc	10	95	105	7.81	+72
E I B	10¼	93	105	7.86	+61
E I B	10¼	96	107¾	8.21	+79
E I B	12	95	109	7.72	+67
E I B	9	96	103	7.81	+67
E I B	7¼	98	98¼	8.01	+29
E I B	10¾	98	108¾	8.27	+67
E I B	10¾	99	107¾	8.72	+82
E I B	8¼	02	101¼	8.47	+70
E I B	8¼	02	100¾	8.07	+12
Eksportfin	10¾	94	102¾	8.22	
Eksportfin	10¼	96	105¾	8.38	+117
Electricite Fra	7¾	97	100¾	7.87	+67
Elec Pwr Dev	8¾	97	103¾	7.87	+67
Elec Pwr Dev	10¾	01	108¾	9.08	+103
Eurofima	6¾	93	98¾	6.64	
Eurofima	10¾	94	107¾	7.87	+74
Eurofima	10¼	96	107¾	8.13	+76
Eurofima	7¾	01	97¾	8.06	+13
Exim Bk Jap	8¼	97	102¾	7.90	+52
Exim Bk Jap	10¾	93	101¾	7.97	
Ferrovie	10¾	93	101¾	8.58	+155
Fin Exp Cr	10⅝	95	107¾	8.29	+104
Fin Exp Cr	8¾	98	101¾	8.07	+64
Fin Exp Cr	9¾	98	95¾	8.82	+111
Fin Exp Cr	10¾	96	104¾	8.61	+136
Fin Exp Cr	7¾	98	97	8.38	+111
Finland	9¾	98	101¾	8.64	+100
Ford Motor Cr	10¼	98	108¾	8.39	
Ford Motor Cr	11	96	105¾	9.30	
Gecc	10¾	93	101¾	7.85	
Gecc	10¾	94	104¾	8.27	+115
Gecc	10¼	96	104¾	8.42	+116
Gecc	8¼	97	102¾	8.56	+121
Gecc	8	97	102¾	7.61	

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Gecc	9	97	102¾	8.07	+68
Gecc	7¾	98	98¾	7.84	+55
Gen Elec Cap Co	11¼	93	100¾	7.72	
Gen Elec Cap Co	11¼	95	109	8.09	+103
Gen Elec Cap Co	11¼	95	107¾	8.27	+116
Gen Elec Cap Co	6¼	96	96½	7.62	+37
Gen Elec Cap Co	10¼	98	106	8.65	+120
Gen Elec Cap	8½	95	102	7.73	+59
G M A C	9¾	93	100.050	9.58	
G M A C	10¼	95	101	9.73	
G M A C Can	10¾	93	100¾	8.99	
G M A C Can	11	94	101¾	9.02	
G M A C Can	7¼	97	95	8.69	+169
Guinness Fin	9¾	98	103¾	8.76	+117
Iadb	10¾	98	106¾	8.14	+88
Iadb	9	02	103¾	8.52	+55
Ibm Can	11¾	94	104¾	7.73	
Ibm Can	11¾	95	106	8.06	+126
Ibm Can	11	96	106	8.66	+152
Ibm Can	10	96	104¾	8.58	+132
Ibm Canada					
May	13½	95	109¾	8.70	
Ibm Int Fin	6¾	96	96¾	7.98	+81
Ibm Intl Fin	8¾	96	100¾	8.36	+104
Jap Dev Bk	12¾	95	108¾	8.89	+102
Jap Highway	7¾	97	98¾	8.04	+58
K F W Intl Fin	14¾	95	108¾	7.91	+63
Kansai Elec	8¼	96	101¾	8.36	+105
Kfw	9½	02	105¾	8.57	+58
Kfw Intl Fin	8¼	97	101¾	8.25	+67
Kfw Intl Fin	8¼	01	101¾	8.24	+72
Kryzstu Elec P	10¾	01	105½	9.29	
Manitoba	9¾	98	104½	8.79	+129
Mcdonalds	9¾	93	100½	7.67	
Mercedes Benz	10¼	94	107¾	8.18	
Metro Toronto	10¾	95	104¾	8.48	+133
Metro Toronto	8¼	97	100¾	8.65	+127
Metro Toronto	11	99	108	9.22	+154
Metro Toronto	9¾	02	104¾	8.84	+67
Mntrl Tst Inc	10¾	93	100¾	8.68	
Mobil Aust Fin	10¾	96	106¾	8.75	+155
Mobil Canada	8¼	98	99¾	8.34	+65
Montreal City	11½	95	108	8.58	+154
Montreal City	10¾	95	104	8.58	+152
Montreal City	11	96	106½	8.47	+133
Montreal City	9	97	100¾	8.91	+156
Montreal Urb	9	02	99	9.16	+134
N Brunswick	10¼	95	103¾	8.88	+118
N Brunswick	12	95	107¾	8.04	+102
N Brunswick	11¾	95	107¾	8.17	+111
N Brunswick	9¼	98	101¾	8.69	+122
N Brunswick	10¾	98	107¾	8.64	+112
N Brunswick	10¾	01	108¾	9.17	+122
N Brunswick	9¼	02	102¾	8.98	+98
New Zealand	10½	95	104¾	8.31	+116
Newfoundland	9¾	97	101¾	8.59	+154
Newfoundland	9¾	07	99	9.99	+154
Nip Tel & Tel	8	97	102¾	7.83	+42
Nip T&T	10¼	93	105¾	7.91	+70
Nip T&T	10¼	01	108¾	8.58	+71
Nip T&T	10¼	01	108¾	8.81	+85
Nip T&T	10¼	01	108¾	8.81	+85
Norway	7¼	98	97¾	7.98	+26
Nova Scotia	10¾	95	104¾	8.42	+113
Okb Jun	9	02	103¾	8.62	+45
Ontario Prov	10¾	98	108¾	8.65	+113
Ontario Hydro	10¾	93	101¾	8.72	+100
Ontario Hydro	10¾	99	110	8.71	+100
Ontario Hydro	10¾	01	109¾	9.00	+105
Ontario Hydro	10¾	01	109¾	9.00	+105
Ontario Hydro	9¾	02	104¾	8.81	+116
Ontario Prov	10¾	96	106¾	8.62	+116
Ontario Prov	10	96	105¾	8.62	+116
Ontario Prov	9¾	01	105¾	8.82	+114
Osaka Gas	10¼	96	106¾	8.51	+103
Prov Alberta	10¾	96	106¾	8.51	
Prov Ontario	10¾	95	104¾	8.39	+83
Pru Fund Corp	8¾	98	101¾	7.81	+67
Pru Fund Co A	8¾	98	101¾	8.02	+51
Prudential Fund	10	96	104¾	8.60	+133
Prudential	10	96	104¾	8.60	+133
Prudential	9¾	97	102¾	8.46	+108
Quebec Hyd Gl	10½	01	107¾	9.22	+128
Quebec Prov	10¾	93	101¾	8.78	+62
Quebec City	9	97	100¾	8.91	+154
Quebec Hy	9¾	93	100¾	8.55	+121
Quebec Hydro	10¾	93	101¾	8.69	+131
Quebec Hydro	9	97	101	8.69	+131
Quebec Hydro	11	99	109¾	8.96	+128
Quebec Hydro	10¾	01	107¾	9.22	+127
Quebec Hydro	10¾	01	107¾	9.22	+127
Quebec Hydro	10½	21	107¾	9.95	+130
Quebec Prov	12	95	108	8.13	+111
Quebec Prov	10¾	96	106¾	8.62	+128
Quebec Prov	9	97	101¾	8.62	+128
Quebec Prov	10¾	98	107¾	8.87	+125
Quebec Prov	11¼	00	111¾	9.37	+137
R B S	10¾	93	101¾	8.14	
Rabobank Nl	8¼	96	101½	7.96	+74
Rabobk Ned	8¼	96	101¾	8.09	+67
Sncf	8	97	97⅜	8.24	+58
S N C Corp	10¾	96	104	8.76	+158
Saskatchewan	10½	96	106¾	8.58	
Sncy	7¾	97	92¾	9.12	+118
Shell Canada	11	93	102¾	8.48	
Shell Canada	11¼	95	107¾	8.48	
Soc Gen	10¾	95	104½	8.15	+108
Soc Quebecoise	9	02	101¾	8.83	+130
Sweden	10	96	105	8.60	+133
St Bk Sth Aust	10	95	103¾	8.53	+120
Sweden	10¾	98	109½	8.33	+88
Tokyo E I P	10¾	98	107¾	8.33	+101

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Tokyo E I P	7¾	97	99⅜	7.71	+30
Tokyo E I P	10½	01	107¾	9.13	+116
Tor-Dom Bk	10¾	94	104	8.24	
Toronto Cr Can	9¼	98	99¾	7.93	+57
Toronto Credit	10¾	94	104	8.25	
Toronto Credit	9¼	95	104	8.06	+65
Toronto Credit	10¾	96	106	8.37	+112
Toronto Credit	9	97	102¾	8.17	+98
Toyota Mot Cr	11½	95	108½	9.14	+105
Toyota Mot Cr	8	96	100	7.89	+66
U B S Fin	10	94	103	7.99	
V W Intl Fin	10¾	95	104½	7.98	+97
Van City Sav	10¾	96	106¾	8.56	+131
Vancouver	11¼	95	106½	8.43	+141
Ville De Montr	11¼	96	107¾	8.35	+119
World Bank	9	96	103	8.00	+74
World Bk	10¼	93	102¾	7.73	
World Bk	10¼	96	107	8.06	+86
World Bk	11½	95	109	7.88	+76
World Bk	10¼	98	107	8.06	+86
World Bk Bear	9	96	103	8.00	+74
Z Luehderbk	9¾	96	98¾	8.58	+92

ECU Straights

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Abb Asea	8¼	94	99	9.34	+45
Abb Fin	9¼	96	99½	9.36	+44
Abb Finance	9	97	99½	9.12	+65
Abb Nat Treas	9¼	96	100¾	9.14	+67
Abbey Nat	10¼	95	105¾	9.13	+65
Aesan	7¾	95	95½	9.13	+43
Aerospatiale	9¼	98	98¾	10.32	+165
Alcatel Alsi	9½	97	100	9.10	+63
Ali Nippon Air	9	95	97¾	10.35	+165
Asfinag	10¼	95	103¾	8.88	+17
Austri Control	10¼	95	103¾	8.88	
Austri Control	7½	93	98¾	8.65	+46
Austri Control	9½	94	100¾	9.04	+92
Austri Control	9½	94	100¾	9.08	+17
Austri Control	8¾	94	99¾	8.96	+92
Austria	7¾	93	97	10.52	+46
Austria	9¾	93	100	9.10	+24
Austria	7½	94	97¾	9.31	+26
Austria	7½	94	97¾	9.31	+26
B N P	7¾	93	97¾	9.31	+26
B N P	8¾	93	99¾	9.36	+26
B N P	8¾	93	99¾	9.36	+26
B N P	8¾	93	99¾	9.36	+26
Bacob Finance	9¾	93	99¾	9.36	+26
Bacob Finance	7¾	93	99¾	9.36	+26
Banco Hypo	7¾	93	97¾	9.31	+26
Bca Lavoro	7¾	93	97¾	9.31	+26
Bco Di Roma	7¾	93	97¾	9.31	+26
Bco Di Roma	9¼	93	99¾	9.31	+26
Bco Di Roma	9¼	93	99¾	9.31	+26
Belgium	9¼	93	99¾	9.31	+26
Belgium	9¼	93	99¾	9.31	+26
Bfce	9¼	93	99¾	9.31	+26
Bfce	9¼	93	99¾	9.31	+26
Bfce	9¼	93	99¾	9.31	+26
Bfce	9¼	93	99¾	9.31	+26
Bk Greece	10¼	98	98¾	10.53	+185
Bk Helsinki	9¾	98	98¾	9.97	+130
Bk Nova Nederl	8¾	99	97¾	9.49	+76
B P America	8¾	99	97¾	9.49	+76
B P Capital	7¾	93	97¾	12.03	+127
Bq Indosuez	11	93	101¾	10.98	+165
Brit Gas	8¾	97	97¾	8.97	+36
Brit Telecom	9¼	94	99¾	9.12	+36
Brit Telecom	10¾	95	103¾	9.11	+22
Britnia Gas	9	97	97¾	9.08	+36
Bwn Aar	9	97	97¾	9.31	+46
C B A	8¼	97	97¾	9.31	+46
C N C A	9¼	97	97¾	9.31	+46
Cargill	8¼	97	97¾	10.12	+142
Cariplo	9¼	97	97¾	9.26	+36
Cariplo	7¾	98	97¾	9.26	+36
Cca	8¾	97	97¾	9.26	+36
Cca	9¼	97	97¾	9.26	+36
Ccf	9¼	97	97¾	9.26	+36
Ccf Tr B	7¾	98	97¾	9.26	+36
Cce 2 F 2004?2	9¾	94	97¾	11.60	+261
Commerz Osbr	8¼	94	99	9.36	+46
Copenhagen	11¼	94	101¾	9.36	+74
Copenhagen			99¾	9.36	+74
Copenhagen	8¼	93	99¾	8.84	+26
Copenhagen Tel	8	93	98½	9.46	+36
Copenhagen Tel	10¼	95	100½	9.37	+36
Council Europe	8¾	93	99¾	9.36	+36
Council Europe	9¼	93	99¾	9.36	+36
Council Europe	8¾	94	99¾	9.36	+36
Council Europe	9¼	94	99¾	9.36	+36
Ccr Foncier	9¼	96	102¾	8.95	+39
Ccr Foncier	7¾	94	97¾	9.33	+37
Ccr Foncier	10½	94	104½	9.34	+25
Ccr Foncier	9¼	96	102¾	8.95	+39
Ccr Local	10¼	96	102½	8.93	+36
Ccr Local	10¼	93	99¾	8.76	+1
Ccr Local	9¾	93	99¾	9.14	+33
Ccr Local	10¼				

More Jobs in U.S. Manufacturing? Clinton Unlikely to Beat the Trend

By Sylvia Nasar
New York Times Service

NEW YORK — Over and over, President-elect Bill Clinton has said that creating more U.S. manufacturing jobs was at the top of his agenda. But even stanch supporters in the economics profession say he is doomed to frustration on that score.

For example, Mr. Clinton told a group of economists in August that he was concerned about creating more factory jobs, and asked what could be done about it. Paul Krugman, an expert on international competitiveness at the Massachusetts Institute of Technology, replied, "Basically, nothing."

And "that's still the correct answer," Mr. Krugman said recently.

Richard Freeman, a labor economist at Harvard University who has studied blue-collar employment, added, "The best you can do is maintain the absolute number of manufacturing jobs."

Factories are likely to recall some furloughed workers, and a few growth industries will surely add to their work forces. But beyond a cyclical uptick, economists say, it is services, not manufacturing, that will be hiring.

That view is shared by forecasters at the Bureau of Labor Statistics and Data Resources/McGraw-Hill, who see no net additions to the 18 million or so total U.S. manufacturing jobs before the end of the century despite more than 20 million new jobs in the economy as a whole. This would mean that manufacturers would employ less than 15 percent of the work force by 2005.

The reason is not that American manufacturers are not competitive enough to get the business. In fact, it is pretty much the opposite. The forecasters expect industrial production to grow at a healthy pace, but enormous strides in efficiency — new products, new processes, better organization and growing automation — are allowing manufacturers to produce more goods with the same or fewer workers and a shrinking share of total employment.

Last year, output per hour in manufacturing grew faster in the United States than in Germany and Japan. And for the past six quarters, factory output has grown at nearly a 4 percent annual rate, twice as fast as productivity elsewhere in the economy.

There is nothing new about this pattern — and that is one reason to think it will persist. Today, American factories produce five times as much as they did in 1946. Yet the number of workers on the assembly line — 12.3 million — remains virtually the same.

"The long-term trend in manufacturing is recapitulating the long-term trend in farming," Mr. Krugman said. "During the past century, we've had rapid productivity growth in farming, and the result is fewer farmers. Over the past 40 years, the end result of rapid productivity growth in manufacturing is relatively few manufacturing workers."

Some Clinton proposals intended to lift productivity, like an investment tax credit to spur equipment investment or certain kinds of infrastructure spending, are more likely to reinforce the trend than to turn it around.

Debt-Shift Talk Helps Long-Term Bonds

United Press International

NEW YORK — Speculation that President-elect Bill Clinton is planning to curtail long-term government borrowing in favor of short-term debt is providing an underpinning for the long end of the Treasury market.

Short- and medium-term issues, meanwhile, are benefiting from the expected $12 billion to $15 billion of redemptions early next year by municipal and corporate issuers, who will seek to refinance high-yielding outstanding debt at lower rates. Investors are expected to shift some of the early payoff cash into the government market.

Last week, the bellwether 30-year Treasury bond gained 25/32, to 103 5/32, reducing its yield to 7.36 percent from 6.43. Bonds in general were rising on the view that the United States would experience slow economic growth and low inflation. Analysts said the 30-year issue was benefiting from the notion that Mr. Clinton would seek to borrow at lower short-term rates, eschewing long-term debt and thus restricting the supply.

"This notion," said Doug Schindewolf of Smith Barney, Harris Upham & Co. "was first introduced in Clinton's economic blueprint that circulated during the campaign." In that document, there was a item labeled "reform debt financing" estimated to save $6 billion over four years.

"Although no specifics were offered, the obvious financing reform that could save money is to shift some of the Treasury's financing from long-term to short-term maturities," Mr. Schindewolf said.

"Since the election, there have been scattered confirmations from some members of the Clinton team that such a shift is indeed being kicked around. At the moment, we are inclined to believe that some shift in debt issuance will occur, beginning with the February quarterly refunding," he said.

There were some disquieting signs for the market. Short-term rates have been generally rising since early October, based in large part on a growing conviction among investors that the Federal Reserve Board was not likely to cut rates soon.

Meanwhile, banks have scaled back bond purchases and there has been a small rise in commercial loans, a sign of improving economic activity that could add pressure for higher short-term rates. Last week, however, most short-term rates fell.

Six-month Treasury bills were discounted at a rate of 3.30 percent to yield 3.39 percent, down from a yield of 3.41 percent the week before, while three-month bills ended at a rate of 3.16 to yield 3.22 percent, unchanged.

Meanwhile, the Treasury sold $15.05 billion in new two-year paper at a high yield of 4.71 percent, down from 4.72 percent at last month's auction. By the end of the week, the yield was down to 4.61 percent, compared with the 4.73 percent return on the old two-year notes a week before.

The Treasury also sold $11.3 billion of five-year notes at 6.03 percent, down from 6.07 percent Nov. 24. The notes ended the week yielding 6.03 percent, compared with 6.09 percent for five-year securities a week earlier.

Lehman Brothers' long-term bond index rose to 1,443.34 from 1,431.44 in the previous week.

U.S. CREDIT MARKETS

Investors Cool to India Privatization

Compiled by Our Staff From Dispatches

NEW DELHI — The Indian government said at the weekend it had sold 11.84 billion rupees ($409.7 million) worth of stock in 12 state-owned blue-chip companies, but that investor response to the sale was disappointing.

State-owned mutual funds, banks and other institutional investors had been invited to bid for 462.7 million shares in 14 companies, but the government said Saturday it had given up on two of them. The government also refused a number of bids it considered too low, and in the end only 310.6 million shares were sold.

The 12 companies included Steel Authority of India Ltd., National Aluminum Co., Bharat Petroleum Corp., Hindustan Petroleum Co. and Hindustan Zinc Ltd.

This was the second stage of the government's privatization program to raise money to narrow India's budget deficit.

In the first stage, the government raised 6.87 billion rupees last October by selling nearly 129 million shares in eight public-sector companies. The shares have yet to be offered to the general public.

In the latest privatization round, the government managed to achieve its target of selling a 5 percent equity stake in the case of only five companies on the block.

The lukewarm response was underlined by the government's collection of only 38 rupees per share in this round as against 53 rupees in the first stage of privatization.

The government so far has raised less than half of the 35 billion rupees that it intended to collect from privatization in the current fiscal year, ending March 31.

The economic liberalization program undertaken by Prime Minister P.V. Narasimha Rao's government so far has not yielded any tangible dividends, increasing political pressure on government from opposition parties. Critics say the government has been selling public-sector stock dirt cheap and have demanded an inquiry.

The government has failed to cut down its own spending, and its bloated bureaucracy continues to grow.

The budget deficit currently runs at close to 8 percent of the gross national product.

A reduction in the deficit to 5 percent of GNP is an important condition the International Monetary Fund has imposed for providing India $7 billion in additional credit. New Delhi already has borrowed $5 billion from the IMF and World Bank in the past year.

Euromarts At a Glance

Eurobond Yields

	Dec. 23	Dec. 16
U.S. $, 8 yrs & over	7.32	7.31
U.S. $, 5 to 7 yrs	6.64	6.71
U.S. $, less than 5 yrs	5.11	5.53
Pounds sterling, less than 5 yrs	8.79	8.86
French francs, less than 5 yrs	9.26	9.17
Ital. lire, less than 5 yrs	13.41	13.50
Danish krones, less than 5 yrs	11.91	11.49
ECU, 8 yrs & over	8.93	9.04
ECU, 5 to 7 yrs	9.04	9.09
Can. $, less than 5 yrs	8.44	8.79
Aus. $, less than 5 yrs	8.15	8.18
N.Z. $, less than 5 yrs	8.39	8.88
Yen, 5 to 7 yrs	5.07	5.07
Yen, less than 5 yrs	4.14	4.16

Source: Luxembourg Stock Exchange.

Weekly Sales

Dec. 24

Primary Market

	Cedel $	Cedel Mass	Euroclear $	Euroclear Mass
Straights	318.80	452.26	438.08	627.69
Convert.	—	—	—	—
FRNs	128.80	102.70	518.09	417.19
ECP	4,675.90	2,934.40	10,215.10	4,035.70
Total	5,115.50	3,489.30	11,171.30	5,080.40

Secondary Market

	Cedel $	Cedel Mass	Euroclear $	Euroclear Mass
Straights	7,801.40	15,874.70	16,798.70	19,229.40
Convert.	187.10	463.20	794.90	767.10
FRNs	2,189.60	1,313.30	8,649.70	4,107.30
ECP	4,254.20	2,811.70	3,458.40	10,464.80
Total	14,432.30	21,464.90	29,513.70	34,593.00

Source: Euroclear, Cedel.

Libor Rates

Dec. 24

	1-month	3-month	6-month
U.S. $	3 7/16	3⅜	3 11/16
Deutsche mark	9	8 13/16	8 7/16
Pound sterling	7¼	7 3/16	7
French franc	12	12	11
ECU	10¼	10⅛	10⅛
Yen	3 15/16	3 13/16	3¾

Sources: Lloyds Bank, Reuters.

MUTUAL FUNDS (Continued)

	Bid	Ask
IdxExd	17.40	NL
IdxTot	11.03	NL
IdxEur	9.45	NL
IdxPac	7.98	NL
IdxInt	47.40	NL
BalncI	10.40	NL
SmCap	13.74	NL
MidNY	10.54	NL
MuInt	12.82	NL
MunLd	10.65	NL
MunLg	10.68	NL
MuInLg	12.13	NL
MuSht	15.63	NL
Col Ins	10.95	NL
FL Ins	10.22	NL
NJIns	11.27	NL
NYIns	10.55	NL
OhioIn	11.16	NL
PennIn	11.02	NL
VSPE r	13.68	NL
VSPGr r	7.39	NL
VSPHr r	35.55	NL
VSPSr r	27.78	NL
VSPTr r	17.98	NL
VSPU	11.13	NL
Wellsl	18.18	NL
Wellin	19.17	NL
Windsr	12.83	NL
Winds II	15.95	NL
WldInt	9.72	NL
WldUS	15.71	NL

Venture Advisers:

IncPr	5.03	5.08
Muni †	9.49	9.49
NY Ven	11.72	11.47

	Bid	Ask
RPFB †	4.40	4.40
RPFE †	24.34	24.34
RPFGI	22.94	24.08

Vista Funds:

CapGr	26.80	28.14
GvInc	11.74	12.29
GrInc	28.26	29.67
NY TF	11.58	12.07
TF Inc	11.91	12.47
Volumet	14.32	NL

Vanguard Fds:

AZIns	10.73	11.27
CO TF	10.69	11.03
FL Ins	14.84	14.84
GrSt p	19.43	20.61
MNIns	10.26	10.77
MNInt	10.83	11.14
MNTF	12.71	12.82
US Gv	10.52	11.04
VIcSTk p	10.61	11.11
WellSl	7.47	7.78

Workers Places:

CapAp	13.97	NL
EGth	19.85	NL
FixInc	9.85	NL
GblFxd	10.62	NL
IntEqu	12.79	NL
IntGvt p	11.20	NL
NYMu	10.19	NL

Weiss Peck Greer:

Tudor	36.13	NL
Govt	10.58	NL
Gwth	132.43	NL
Grinc	24.73	NL

	Bid	Ask
Westcore:		
BdInv	10.21	11.09
BosVl	22.03	22.57
BdPlu	13.25	14.07
LgInc	10.61	11.25
IntBd	10.34	10.85
LT Bd	10.34	11.25
Mdcp	14.86	15.54
MuBd	10.83	11.47
OR TE	14.34	17.13
ST Bd	13.72	14.04

Westwood Funds:

BalInst	10.89	11.34
BalCon		unavail
Eqinst	15.38	15.94
EqCon		unavail
IntBdI	10.51	10.95
IntBdC		unavail
WmBlGr	9.51	NL
WmBln	10.61	NL

Wilkinson Penn:

PennS p	10.40	10.95
PATF	10.92	11.48
US Gov	10.55	11.08

Wood Struthers:

WInFI †	10.39	NL
WInG I	11.59	NL
WInGI †	12.79	NL
WInAG †	14.65	NL

Woodward Fds:

Bond	10.24	10.73
Equity	16.45	18.03
GrVal	10.57	11.07
IntBd	10.26	10.74
Intrm	10.39	10.88

	Bid	Ask
Oppert	12.18	13.25
WrldOpBd	10.97	11.43
WrldOpGr	11.63	12.11

World Funds:

NwrlTr	14.08	14.82
VanSEP	12.40	13.05
VanIntV	11.95	12.58

Wrightst Funds:

Curtis	10.77	NL
GvSc	13.23	NL
IntSCh	10.63	NL
JrSCh	11.59	NL
NearIS	10.67	NL
QuiCor	13.39	NL
SIBCh	14.72	NL
TotRet	12.62	NL
Yacktman p	10.46	NL
YomGlo	7.86	8.19

Zweig Funds:

StrtgA	13.52	14.31
ZS AmbA	12.97	13.72
ZS GvA p	10.02	10.52
ZS P A	12.58	13.31
Strutt	13.54	13.54
ZS AmpB	12.89	12.89
ZS GvB	10.02	10.02
ZS P B	12.55	12.55

NL— No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x—Ex dividend.

The Week Ahead: World Economic Calendar, Dec. 28 - Jan. 2

A schedule of this week's economic and financial events.

Asia

• **Dec. 28 Tokyo** November current account: Forecast: Up 18.8% on year to $8.36 billion.
Tokyo November domestic/foreign securities investments. Forecast: Foreigners net sellers of Japanese stocks and bonds; Japanese net buyers of foreign stocks and bonds.
Hong Kong Provisional trade figures for November. Outlook: Re-export growth will continue to dwarf domestic export growth because of boom in China.
Hong Kong Consumer Price Index for November. Outlook: Inflation expected to remain unchanged at about 10%.
Hong Kong - Deadline for assessment of tenders for Central Reclamation site contract, for site of terminus of mass transit rail link from proposed new international airport. Outlook: Could be contentious since China still opposed to cost and funding plans for railway.
Bandung expected Golden Resources Development of Hong Kong.
Holidays Australia and New Zealand.
• **Dec. 29 Seoul** Consumer price index in December. Outlook: Third straight month-on-month decline. Annualized rise in CPI expected to be lower than 4.5%.
Seoul Industrial output in November. Year-on-year growth expected to be low at about 2.0% following 1.5% increase in October.
• **Dec. 30 Seoul** South Korea's international balance of payments in November. Forecast: Surplus of about $500 million.
Hong Kong Leading Spirit (Holdings) Co. to announce details of planned public offer.
Beijing China's State Statistical Bureau spokesman Zhang Zhong Ji gives news conference to review 1992 economic performance. Outlook: Watch for signs economy overheating.
Holidays The Philippines. Stock market closed in Taiwan.
• **Dec. 31 Holidays** Markets closed at midday in Australia, Hong Kong and New



Zealand. Official holiday in Thailand. Stock market closed in Taiwan.
Jan. 1 Holidays Official New Year's holiday in Australia, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand.
• **Jan. 2 Holidays** Taiwan and South Korea.

Europe

• **Dec. 28 Frankfurt** German Federal Bond Consortium meets to set terms for new 10-year government bond.
Paris November unemployment rate. Forecast: 10.5%, up from 10.4% in October.
Paris Bank of France to auction 10 billion French francs of 13-week Treasury bills.
Milan November trade balance expected any time this week. Forecast: 0.3 trillion lire after 0.2 trillion lire in October.
Milan November M-2 money supply growth expected any time this week. Forecast: 7.0% in year, unchanged from October.
Milan November balance of payments expected any time this week. Forecast: 7.7 trillion lire deficit after 10.3 trillion lire deficit in October.
Milan November public-sector borrowing requirement. Forecast: 140 trillion lire, up from 123.5 trillion lire in October.
• **Dec. 29 Frankfurt** German banks set terms for sale of 10-year government bond and sale of first tranche.
Frankfurt Bundesbank repo allocation around 9:30 A.M. local time. Forecast: Banks expect replacement of 57.1 billion Deutsche marks expiring funds. Bundesbank has already fixed bid rate at 8.75%.
Paris Matra SA extraordinary shareholders' meeting to give final approval to Matra-Hachette merger.
• **Dec. 30 Frankfurt** Sale of second, tranche of 10-year government bonds.
Paris MMB SA extraordinary shareholders' meeting on MMB/Banque Arjil merger.
• **Dec. 31 London** London International Financial Futures Exchange closes early for New Year's Eve.
• **Jan. 1** All markets closed for New Year's Day.

The Americas

• **Dec. 27 Washington** National Association of Manufacturers releases November machine-tool orders.
• **Dec. 28 Washington** Treasury Department reports 3- and 6-month bills auction results.
• **Dec. 29 Washington** National Association of Realtors releases November existing home sales. Forecast: A decline of 1.9% to 3.53 million.
Washington Conference Board report on consumer confidence for December. Preliminary forecast: Up to 74.9 from 65.5.
Washington Treasury Department announces 3- and 6-month bills auction details to be held Monday, Jan. 4.
Ottawa Bank of Canada bank sets its discount rate following the weekly Tuesday auction of Government of Canada treasury bills.
Ottawa Bank of Canada releases details of planned Jan. 6 bond auction. New bonds will settle Jan. 18.
• **Dec. 30 Washington** Commerce Department reports leading indicators for November. Preliminary forecast: Increase of 0.7%.
Washington Commerce Department releases November home sales.
• **Dec. 31 Washington** Labor Department reports initial weekly state unemployment compensation insurance claims.
Washington Commerce Department reports November factory orders.
• **Jan. 1 Washington** New Year's Day. All government offices closed.
Ottawa All markets, businesses, governments and banks closed for New Year's Day.

Sources:Bloomberg Business News

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Dec. 25	Dec. 18	Chge
DJ Indus.	3,324.24	3,313.27	+0.39 %
DJ Util.	223.84	222.90	+0.42 %
DJ Trans.	1,439.94	1,451.02	−0.76 %
S & P 100	401.42	403.40	−0.49 %
S & P 500	439.77	441.28	−0.34 %
S & P Ind	512.75	515.75	−0.58 %
NYSE Cp	241.23	242.08	−0.35 %
Britain			
FTSE 100	2,827.50	2,789.70	+1.35 %
FT 30	2,165.60	2,147.60	+0.84 %
Japan			
Nikkei 225	17,649.	17,681.	−0.18 %
Germany			
DAX	1,526.95	1,492.04	+2.34 %
Hong Kong			
Hang Seng	5,442.01	5,192.66	+4.80 %
World			
MSCIP	n.a.	500.50	— %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Dec. 25	Dec. 18
Discount rate	3.00	3.00
Prime rate	6.00	6.00
Federal funds rate	n.a.	2¼
Japan		
Discount	3¼	3¼
Call money	3 13/16	3 13/16
3-month interbank	3¾	3 11/16
Germany		
Lombard	9½	9½
Call money	8.85	8.85
3-month interbank	8.85	9.15
Britain		
Bank base rate	7.00	7.00
Call money	n.a.	7¼
3-month interbank	7¼	7¼
Gold	Dec. 25	Dec. 18 Chge
London p.m. fix $	333.25	337.00 +1.11 %

German Economist Grows Doubtful

Reuters

FRANKFURT — Forecasts of a stagnant economy in Western Germany next year are optimistic, a leading economic adviser to the government wrote Sunday.

"The assumption of zero growth is an optimistic view," Herbert Hax, chairman of the government's independent Council of Economic Advisers, wrote in the Welt am Sonntag newspaper.

"Even with a favorable development, that is, the start of a slight upswing in the second half, national economic output in 1993 will essentially not exceed the previous year's level."

The council in November forecast the economy, as measured by gross national product would neither expand nor contract next year. But as the economy deteriorates, economic research institutes have since been revising downwards their recent forecasts. One, the Munich-based Ifo institute, projects a drop of 0.5 percent in GNP for 1993.

Mr. Hax said the Western German economy had reached a phase of stagnation, and from the demand side there were hardly any signs of a stimulus for the coming year.

Private consumption would initially remain static, while public consumption and investments would show a downturn. The only positive impetus might come from investment in residential construction, he said.

Hopes of a modest recovery during the latter part of 1993 were based on an upturn in the export sector, Mr. Hax said. There were signs that global economic weakness was gradually being overcome.

AIR FRANCE: *Carrier Working to Get in Shape*

(Continued from first finance page)

workers came to his office to protest upcoming layoffs.

Several days later, he and his staff met with union leaders again to give them a list of some 250 workers who may soon be laid off, the first such mass dismissal since Air France was founded in 1933.

In the past two years, Mr. Attali's drive to cut costs has trimmed 2,500 jobs from a work force of 64,000, by a combination of attrition and worker acceptance of early retirements and part-time jobs. At the same time, capital spending has been cut and plane deliveries have been stretched out.

Now, however, Mr. Attali faces his largest and most delicate challenge — forcing cuts of 2,100 more jobs by the end of next year. The difference this time is that the cutbacks would be dismissals.

Unlike the struggle with labor, which is expected to be a slow grind, Mr. Attali and Christian Boireau, the vice president of marketing who is the other executive heading the revamping of the airline, have been able to move quickly on other fronts.

Mr. Attali is building outside alliances, having acquired a stake in Sabena, the Belgian airline, and an interest in CSA, the Czechoslovak airline. Air France also wants to link up with an American carrier and is discussing a marketing alliance with United Airlines.

Air France also has a big advantage at Charles de Gaulle, where a new terminal is being built that will have a transportation hub with eight rail tracks.

Scheduled to open in 1994, six of the tracks will handle high-speed trains that can take passengers to such major cities as Lille, Orléans and Dijon in an hour. Eventually, high-speed trains will also travel to London, Frankfurt and other major European cities.

BANK: *European Institution Gradually Gains Respect*

(Continued from first finance page)

enterprise, or that help provide the infrastructure essential to the development of market economies.

William Curran, U.S. representative on the bank's board, said of Mr. Attali, "I'd rather have to steer someone as a member of a board than to push somebody, and with him you have to run to stay up."

Bank officials said their main strategy was not to try to finance deals completely on their own, since the bank's capital was so limited. To that end, the bank looks for partners, often Western companies that are interested in joint ventures with Eastern European companies.

In the case of Konspol-BIS, the Polish poultry-processing company, the loan from the European Bank was accompanied by an additional $9 million in equity and other financing from partners including Raczkiewicz and A. Epstein & Sons, a construction and engineering company based in Chicago.

Critics of the bank have contended that the money it provides often is not needed, since most Western investors already have access to sufficient financing. But Ron Freeman, who heads the bank's merchant-banking operation, said that the bank's participation provided other investors a sense of confidence that they would otherwise not have. And in some cases, the bank's participation has bottom-line implications: Commercial banks that lend in deals involving the European Bank share its preferred-creditor status, a legal nicety that permits them to minimize the risk provision they must normally make on loans in economically weak nations.

FRENCH: *Analysts Favor Treasury Issues From Paris*

(Continued from first finance page)

elections draw near, analysts said. Nevertheless, for investors prepared to sit through the turbulence, French bonds probably offer the best profit potential in 1993. "We still like France, despite the short-term ERM turmoil," said Mr. Jessop of Midland.

"We think French bonds will be volatile in front of the elections, so the best bet is in the long end, away from that short-term turbulence," said Mr. Major of Crédit Lyonnais.

Elsewhere in Europe, "the best bets by the end of next year are the high-yielding markets of Italy and Spain," said Mr. Major. "There may be some pain in the first quarter of 1993, but they're worth sticking with."

With German interest rates seen heading lower by the second quarter, Italy and Spain will be able to cut rates at a faster pace than Germany, or just about anywhere else in Europe. "They've got a lot of catching up to do," Mr. Major said. The lira and the peseta both have been devalued against the mark this year. Once the mark starts declining, investors stand to make money holding Italian and Spanish securities rather than German securities just because of the potential appreciation of the Italian and Spanish currencies, Mr. Major said.

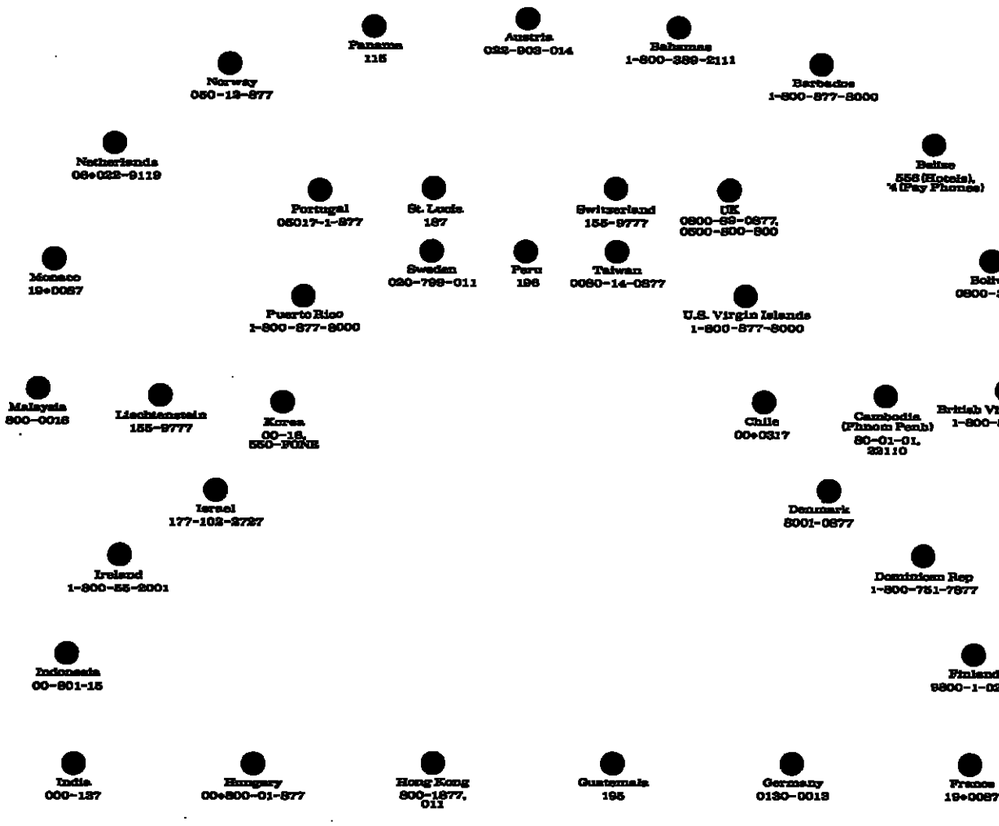
European currency unit bonds, which looked to be dead in the water after Denmark rejected European monetary union in June, are set to make a comeback next year, analysts said.

"The Ecu market should go quite well," Mr. Major said. Because they're denominated in a basket currency, Ecu bonds offer "a nice halfway house" between core European bond markets like France and Belgium, and higher-yielding markets like Ireland and Spain.

Astrid Zweynert in Frankfurt contributed to this article.

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Belize (PTT pay phones)	144	Hong Kong	800-1877	Portugal	05017-1-877
Bermuda	1-800-523-0877	Hungary	00+800-01-877	Puerto Rico	1-800-877-8000
Bolivia	0800-3333	India	000-127	San Marino	172-1877
Brazil	000-8016	Indonesia	00-801-15	Singapore	800-0877
British Virgin Isl.	1-800-877-8000	Ireland	1-800-55-2001	Spain	900-99-0013
Cambodia (Phnom Penh)	80-01-01, 22110	Israel	177-102-2727	St. Lucia	187
Canada	1-800-877-8000	Italy	172-1877	Sweden	020-795-011
Chile	00+0317	Japan	0039-121	Switzerland	155-9777
China	108-13	Japan	0066-55-877	Taiwan	0080-14-0877
Colombia-Bogotá	980-16-0010	Korea	00-18, 550-PONE	Thailand	001-999-13-877
Colombia-Rpnr	980-13-0110	Liechtenstein	155-9777	UK	0500-89-0877
Costa Rica	162	Malaysia	800-0016	UK	0500-800-500
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		New Zealand	00+922-9119	Vatican City	172-1877
		Norway	050-12-877	Venezuela-Bogotá	800-1111-0
		Panama	115	Venezuela-Rpnr	800-1111-1
		Peru	196		
		Poland	0800-480-0175		
		Portugal	05017-1-877		
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		Spain	900-99-0013		

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In Jakarta, a Generation Gap

Reuters

JAKARTA — Indonesia's powerful Chinese business families are undergoing a traumatic transition that is forcing patriarchs to give up favoring their sons and to take on professionals to manage their conglomerates.

Their problems were highlighted last month by William Soeryadjaya's moves to save his son's ailing Bank Summa, risking his family's control over PT Astra International, Indonesia's second-largest company.

"The second generation is taking over from the first and they must realize that the economic and political protection enjoyed by their fathers is a thing of the past," said Marie Pangestu of the Center for Strategic and International Studies.

She said the new generation of tycoons would have to make drastic changes in their sprawling companies to survive the pressures of the free-market economy since deregulation in the 1980s.

The conglomerates are already controversial. Indigenous Indonesians resent the political connections of high-profile ethnic Chinese patriarchs such as Lim Sioe Liong, head of the giant Salim group, and their high-spending families.

Political patronage helped practically all of Indonesia's Chinese tycoons take advantage of the old economic controls in areas ranging from wheat to cars to build their conglomerates, the analysts said.

Some of the ties forged by ethnic Chinese with political leaders and the military date back to the independence struggle against the Dutch in the mid-1940s. Before that, the Chinese served as commercial middlemen to the colonial rulers.

Peter Arkell, head of research at Niaga Securities, said the Western-educated children of the magnates, wanting to leave their own imprint, often tried to diversify away from the family's core business, with disastrous results in property and banks.

"They face much more competition than their fathers 20 or 30 years ago when they established their businesses," he said.

The painful part of the transition is to give up the family values dear to the ethnic Chinese, who dominate the private sector despite making up just 3 percent of the country's 180 million people.

Analysts believe Mr. Soeryadjaya sold his shares in Astra, which has the major share of Indonesia's lucrative automobile assembling industry, to try to pull Summa out of trouble because it was run by his son, Edward. His other son, Edwin, runs Astra.

Astra's shares were being sold to pay off the debts of Summa, effectively closed by the government earlier this month for failing to meet obligations with the central bank, they add.

Udayan Wagle, head of the International Finance Corp. in Indonesia, said it would take generations to reorient a business style built on cultural traditions. "The change will not be overnight," he said. "It will not happen just by employing more professional managers."

Tycoons' sons who are not considered up to the mark are moved out of the core operations of a conglomerate and given "other toys to play with," such as banks, Ms. Pangestu said.

She said the fiasco at Summa Group would force bankers and investors to look not just at the wealth of a family in making decisions, but also at the management of the companies.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Prices rose in thin trading ahead of the Christmas holiday. The CBS all-share index closed Friday at 198.30, up 2.7 points from the previous Friday. Volume was down slightly from the week before.

The Kempen & Co. brokerage said it expected the market to end the year quietly in the three trading days that remain, noting that most institutional investors had closed their books.

Frankfurt

Share prices pushed strongly ahead in the three days before the Christmas holiday, buoyed largely by technical end-of-year factors and international support, notably from Wall Street and London.

The DAX spot trend index finished at 1,526.95, up 34.8 points from the previous Friday, but volume was thin.

Although remarks by the Bundesbank president, Helmut Schlesinger, were seen as encouraging for a cut in interest rates in the New Year, most brokers remain cautious ahead of key wage negotiations.

Hong Kong

Prices soared 4.8 percent during the holiday-shortened week, buoyed by a lull in the dispute between London and Beijing over the colony's political future.

The Hang Seng Index gained 249.35 points to close at 5,442.01 on Thursday. Turnover was lower, however.

The blue-chip barometer gained 49.82 points Monday despite a plunge in Jardine Matheson after China attacked the oldest trading house in Hong Kong for backing Governor Chris Patten's political-reform proposals. Jardine later recovered, to close the week 2.75 dollars higher, at 45.00.

London

With fund managers seeing 1993 as a year of economic and earnings recovery, the London Stock Exchange advanced.

The Financial Times-Stock Exchange 100 index closed at midday Thursday at 2,827.5, up 37.8 points from the previous Friday. The blue-chip FT-30 index advanced 18 points, to 2,165.6. Volume was much reduced, but brokers noted interest in secondary issues that might benefit from a hoped-for economic recovery.

British Aerospace was a major casualty. The manufacturing conglomerate finished the week down 10 pence at 157 after reportedly admitting that £500 million of an expected £1.5 billion from the Saudi Arabian government had not been delivered.

Glaxo fell 36 pence to 748, weakened by selling on Wall Street, where brokers have turned pessimistic on the outlook for drug stocks.

Milan

Brokers celebrated Christmas and a three-day working week by marking shares sharply higher. The MIB index gained 3.08 percent, climbing 26 points, to finish Wednesday at 868. Average daily volume fell.

Traders said the market had been encouraged by a 1-point cut in the discount rate, announced Tuesday by the Bank of Italy after parliament passed an austerity budget.

Paris

The Bundesbank president, Helmut Schlesinger, played Santa Claus to the Paris Bourse by suggesting German inflation was set to fall in 1993, lifting hopes of a cut in interest rates.

The four pre-Christmas sessions all saw rises, and the CAC-40 index rose 94.47 points, or 5.4 percent, to 1,854.59.

It was the first time the 1,850 barrier had been breached since Sept. 18, when the approach of the referendum on Maastricht sparked a crisis in the European Monetary System. American and British investors were heavy buyers in Paris, reflecting confidence in the firm underlying position of the French economy, brokers said.

Singapore

Profit-taking as investors cleared positions ahead of Christmas pared strong gains made early in the week.

A surge of activity pushed the Straits Times industrial index past 1,500 points on Monday but gains were cut and the index closed the week up just 2.9 points at 1,488.90. The broader-based SES All-Singapore index picked up 2.8 points, to close at 388.40 points. Turnover fell.

Tokyo

Prices finished lower on the Tokyo Stock Exchange in dull, directionless trading as players refrained from active investment ahead of the year-end holiday. The Nikkei average of 225 issues closed Friday at 17,557.04, down 123.07 points, or 0.7 percent, on the week.

The Tokyo Stock Price Index, based on all first-section issues, ended at 1,341.82 points, down 1.95. Turnover was off slightly.

Buying by foreign investors and public funds initially boosted prices, but some investors then decided to sell into the rally to take profits, traders said.

Zurich

The bourse closed a thin trading week with a 1.2 percent gain, boosted by interest from international investors in Swiss banking and insurance stocks.

The Swiss Performance Index gained 15.39 points, to close Wednesday at 1,220.48.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Thursday, Dec. 24.

	Sales in 100s	High	Low	Close	Net Chge
A					
A&W Bd	44	1.4	4099 32½	31¾	32¾ — ½
ABS	40	2.9	126 14	13¾	13¾ + ½
ACC Cp	.16	.8	955 21	20	21 +1
ADX Tc			3595 22¾	22¼	22¾ + ¼
ADSI			4546 44½	43¾	44¼ + ¼
ADESA			819 7¾	6½	6¾ — ½
AEL			36 6⅝	6	6⅛ — ⅛
AEP			175 11¼	9¾	10½ + ¾
AESCp	.60e	2.2	1077 27¼	25¾	27 +1½
AGCO	.01e	.1	519 10⅝	8¼	10¼ +1¾
ANB	1.36	3.0	145 45	45	45 — ¼
ARI Net			215 6	5½	5⅞ — ⅛
ASK			7881 23⅝	21¾	23¼ +1¾
AST			36169 23	20¾	22¾ +1¾
AT3 Med			121 7¾	7¼	7¾
AW A h			1 5⅞	5⅞	5⅞ + ⅛
Aames	.40	4.1	791 11¼	9¾	9¾ — ¼
AamriRs	.06	.7	16 8½	8½	8½
AamriRt B	.08	.9	565 8¾	8¼	8¼
Abaxis			3042 6¾	6¼	6¼ — ⅜
AbbeyH			5957 24½	22	22½ +3
AbleB			77 8½	8	8⅛
Ablemd			370 12½	10½	10½ —1⅜
Accsl	.13l		353 3¾	3¾	3¾ — ⅛
Acsrnlt			379 5½	5	5⅛ — ⅛
Aclaim			16678 17¼	16¾	16¾ — ¼
AceCsh			421 15¾	14	14¾ +1
Acorn	.28	1.8	6329 16½	14¼	15 +¾
ACMT A			11 10½	9	10½ +1⅜
AcmeMet	.02e	.2	412 12½	11¾	12½ + ⅛
Acxiom s			3952 18¼	17¾	18⅛ — ⅛
AdacLb	.16	3.2	14503 5	4⅞	4⅞ — ⅛
Adage			463 5¼	4⅝	4⅝ — ⅛
Adapt s			16982 26⅜	24½	25¾ + ⅛
Admarn			782 15¾	13¾	15
Admtch h			437 15	13¾	15 + ⅛
AdraSv	.16	1.0	288 17½	16	16
AdobeS	.32	1.0	8927 31½	30¼	30⅝ + ⅛
AdvCre			2572 5⅜	4⅞	4⅞ — ⅛
AdvHit			907 20	19¼	19½ + ⅛
AdvRos			395 14½	14	14½ + ⅛
AdvCirs			8462 10⅞	10⅜	10⅜ + ⅛
AdvInt			5271 3⅜	3⅜	3⅜ + ⅛
AdvLog			1958 4¼	3⅞	3⅞ + ⅛
AdMktSv			962 6⅜	6⅛	6⅛ + ⅛
AdvPoly			3941 8⅜	7¾	7⅞ — ⅛
AdvPro			1436 9¼	8¾	9 + ⅛
AdvSem			194 14	13	13
AdvTLb	†		3043 28	17½	18 —10¾
AdvTlab			11283 13¾	12	12½ + ⅛
Advnt s	.20	.4	1389 31½	30½	31½ + ⅛
Advant B	.24	.8	2571 29	27½	28¾ + ⅛
AdvBcp			374 18	17½	18 + ⅛
Advcinc			419 25¾	25¼	25¾ + ⅛
Aequitm			5230 8	7¾	7¾ — ⅛
Agrovx			439 5¼	4⅝	5 + ⅛
AirnBio			629 4¼	3½	3⅝ — ⅛
AirMxx			11234 19¼	17¾	18¼ + ⅛
AgSvcs			24 16½	15¾	16 + ⅛
AgncyR			3445 8¼	7¾	7¾ — ⅛
Agnico s	.10e	2.4	2266 4¾	4	4⅛ — ⅛
Agouron			11576 17¾	11⅞	12¾ — ⅛
AgriDyn			477 5	4½	4⅝ + ⅛
Ahold	.46r	1.4	110 49⅞	49¼	49½ + ⅛
Airtran s	.12	1.4	857 9¾	8¾	8¾ — ⅛
Alarm			1469 2⅞	2⅝	2⅝ — ⅛
Akzo	1.81e	4.6	3588 39¼	38¾	39 + ⅛
Alaten	1.20	5.3	69 22¾	22	22¾ + ⅛
Albank			2983 14¾	14⅛	14⅜ + ⅛
AldenPr			1357 13¾	12¾	13¼ + ⅛
Aldus			7435 14½	12½	13½ + ⅛
AlexBld	.88	3.6	2169 25¼	24	24¼ — ½
AlexEng			39 4¾	4¾	4¾
AlfaCp	.50	2.1	1552 24	23¼	24
AlgosR			1795 5⅛	4⅞	5⅛ + ⅛
Alico	.15	.7	89 21	20½	20½ — ½
Alkerm			781 9⅝	8¼	8½ — ⅛
AllASem			2638 17¼	16¾	17⅛ — ⅛
Allam wtA			223 ¾	½	¾
Allam wtB			2302 ¾	½	¾
AllFDir			1206 13	11¾	13 + ⅛
AllCity			5 9	9	9 — ⅛
Alegsy			426 6⅝	6½	6⅝
AlnDrg	.48a	1.6	68 30	29½	30½ —1½
Alnimg			678 3¾	3	3
AlignPh			5498 12	11	11½ — ⅛
AlkCoal			287 17½	16	17 — ⅛
AllBk	.40b	3.1	19 13	12¾	12¾ — ⅛
AlldCapC	.80	4.5	3402 18	17¾	17¾ + ⅛
AlldCap	1.12e	7.6	3124 15¾	14½	14¾ + ⅛
AlldCpII	1.15e	6.2	434 18½	17¾	18½ + ⅛
AlldCl			6344 31¼	27¾	29¼ + ¾
AlldGe	.64	2.1	315 31	30¾	31 + ⅛
AldHlPd			1178 11½	9¾	11½ +1¼
AldWste s			826 5¼	4¾	5 + ⅛
AlmerPr	.44	.9	744 50¼	48	48¾ —1¼
AlistFn			149 16	15	15½ + ⅛
Alsonte	.32	5.0	40 6¾	6¾	6¾
AltaNic			40 6¾	6¾	6¾
AlphaBra			618 15¾	14¾	15 — ⅛
Alphar			735 1⅝	1⅜	1⅝ + ⅛
Alstr wt			3 ½	½	½
AlpLab			447 4¼	4¼	4¼ — ⅛
AlpineM	.05e	.9	31 5½	5	5½
AltaGld			3274		
Altai			52 3⅜	3	3⅛ — ⅛
Altean			2294 13½	12¾	13 — ⅛
Altera			16345 13	11½	11⅝ —1⅜
Altron			14 5¾	5	5 — ⅛
Ambcn			972 5¼	5¼	5¼ — ⅛
AmbrSr			966 16	15½	16
AmcorPf	.64	2.9	55 22	21	22 +1
Amrkan	.72	3.4	359 21¾	19¾	21 +1¼
AmrPac			1 14	14	14 — ⅛
AFFF	1.60	6.5	8178 24¾	23	24¾ +1¼
AmFPr	1.86	10.0	1024 19½	18½	18½ + ⅛
AFTxE	1.00	9.2	4884 11¼	10¾	10¾ + ⅛
AFTxE2	.75	9.5	2594 8¼	7¾	8 + ⅛
AmerOn			2237 28½	23	26½ +2½
AmSvce			1068 4¾	4¼	4¼ — ⅛
AmBcp	1.00	4.2	5 23¾	23¾	23¾ — ⅛
ABnkr	.60	2.5	481 25¾	23¾	23¾ — ⅛
AmBiogn			3873 5⅜	5¼	5¼ — ⅛
AmBusin			665 17¼	16¼	17¼ + ⅛
AmCity			1916 15½	15⅛	16 + ⅛
AmClaim s			678 6¾	6¼	6¼ — ⅛
ACoinId	.50	1.9	133 27¼	26¾	27 + ⅛
AConsu			17 4½	4½	4½ — ⅛
AmDnt s			59922 7¾	7¼	7¼ — ⅛
AmEqtS s			616 12¾	10½	11 + ⅛
AmEduc			661 4⅝	4⅜	4⅜ — ⅛
APilm			3247 9	8¼	8¾ + ⅛
AFilm	.94	3.5	9 26½	25	26½ +1½
AGreet	.86	1.8	7909 49¼	47¾	48¼ — ⅛
AHltSv			2822 2	1⅞	1⅞ — ⅛
AHlthco			178 20	19¾	19¾ — ⅛
AmHotl			31 2¾	2¾	2¾
AindF	.08	1.3	80 6	5⅝	6 + ⅛
Aminsur			7581 5	4¾	4¾ — ⅛
AmMxx			884 1⅜	1⅛	1⅛ — ⅛
AminPt			20698 17¾	17¼	17¼ — ⅛
AmLfe pf	2.16	8.9	787 24½	23¾	24¼ + ⅛
AmLck			21 6¾	5⅞	6¼ + ⅛
AMS s			3212 27	25½	26¾ + ⅛
AMedE			2446 9	8¼	8¾ — ⅛
AMobile			297 3¾	3¾	3¾ — ⅛
AmTins	2.04	4.0	351 52	50½	51 + ⅛
AMICr			2147 1¾	1⅝	1⅝ — ⅛
AmPac			6018 31¼	29¾	30½ + ⅛
APhyG			1225 2¾	2½	2½ — ⅛
APwrCv s			27155 27	25¾	27 +1⅛
ARecr	.20	3.4	1084 6⅛	5¾	5⅞ — ⅛
AmResid			550 17¼	16½	17
AmRice			287 ½	½	½ — ⅛
ASoft	.32	3.6	1783 9⅛	8¾	8⅞ + ⅛
AmSn			463 2	1⅞	2
AStudios	.02e	.1	1880 23	21½	21½ — ⅛
AmSupr			486 19¼	17	18½ + ⅛
ATravel			1503 8⅛	7¾	7¾ — ⅛
AUtdGl s			1976 5¾	5¼	5½ — ⅛
AVana			79 1¾	1½	1½ — ⅛
AWood			116 3½	3	3½ + ⅛
AmAll	.51e	13.0	1092 4⅜	3¾	3¾ — ⅛
Ameried	.60	2.8	2542 21½	20½	21½ + ⅛
Amerind			1512 21	19¾	20¾ + ⅛
Amfed			5200 17	15	16½ +1⅜
Ampen			27393 73¾	70¼	71 —2¼
Amistar			22 1⅜	1⅛	1⅛ + ⅛
Amsskg			60 17¾	15¾	15¾ —1½
Amsys			796 7¼	6¾	6¾ — ⅛
Amsten			4 15½	15½	15½ — 1
Amserv			440 1⅜	1⅜	1⅜ — ⅛
AmtcCs s			4350 26	23¾	24½ — ⅜
Amvast			6191 4⅜	3¾	3¾ — ⅛
Amylin			2397 11¼	9¾	10 — ⅜
Anlogic			2479 13¾	11½	13¾ +1⅜
AnalyTc	.20	1.8	1 11½	11	11
Anaty	.88	2.4	1638 25¼	24	24⅜ — ⅛
Anamet	1.00e	7.0	474 14¼	13¾	14¼ + ⅛
Anaren			166 1⅜	1⅜	1⅜ — ⅛
AnchBcp			3178 9¾	8¾	9¼ + ⅛
AncBWis			302 18	17	18 +1
AndrGr	.05e	.7	20 6¼	6¼	6¼
AndvBc			1043 11	9¾	11 +1½
AndvTe s			119 3½	3½	3½
Andrew			1011 47½	43¾	47½ +1½
Andrxs			1986 17¼	15¾	16¾ — ⅜
Anergen			775 9¾	9¼	9¾ — ⅛
Apertus			6684 3½	3¼	3½ + ⅛
ApogEn	.28	2.6	654 11	9¾	10¾ +1
AppleC	.46	3.6	20210 61¼	58	59 + ¾
AplSou s			604 21	19¾	20½
Aplebee	.09	.3	764 28¾	27¼	28 + ⅛
ApdExtr			1740 5⅜	5	5⅛ + ⅛
ABiosci s			2213 7 10½	9¾	9¾ —1⅜
AstdBio			1382 23½	22¾	23 + ⅛
Apdlmu			1283 17	14½	17 +1⅜
ApldMtl s			14151 35½	31¾	34¾ — ½
ArabSh			8 3	2½	2½ — ⅛
Aramd un			274 28¾	27½	27¾ — ⅛
Arber	.20	.9	787 22¾	21¾	22¼ + ⅛
ArberNH			201 9¾	9¼	9¾ — ⅛
ArchCm			167 10⅜	9¾	9¾ — ⅛
ArchPh			658 4⅜	4⅛	4⅜ — ⅛
Arctco			162 11¼	11	11
Arctco	.24	1.3	1051 19¼	18½	18½ — ⅛
Arden			65 37½	34	34 — 1
ArdeGo	.84	2.8	894 31¼	29½	30½ + ⅛
ArgusPh			319 9¼	8	8 —1⅛
ArlGsh			158 5¼	5	5 — ⅛
ARIX			1978		
ArkBest	.02e	.1	4875 14¾	14¾	14¾
ArkFrSs			1228 23¼	22¼	22¾ — ½
Armor	.48	2.4	1088 20½	19	20¼ +3½
ArmPln			790 3½	3¼	3¼
Arnold	.64	2.0	642 35	32¼	32¾ + ⅛
ArowFn			135 9	8¾	9 + ⅛
ArtsCo			1553 24	23¼	24
ArtsNet	.04e	.2	1912 25¼	24½	25¼ +1
Artsft			5574 17½	16	16½ + ⅛

	Sales in 100s	High	Low	Close	Net Chge
ArtistG		1287	8¾	8¾	8¾ + ⅛
ArtWay	.10l	250	6½	6½	6½
AspcITl		3350	14¼	13	14¼ +1⅛
AspenBk	.20	2.0	1525	10	10 + ⅛
AsprInm		331	1⅞	1⅞	1⅞
Assix		588			
AsdBnc	.88	2.7	3300	33¼	33¾ + ⅛
AsdCmA		833	16¾	16¾	16¾ — ⅛
AsdCmB		667	16½	15¾	16¼ — ⅛
Astec		3232	18¾	17¾	17¾ + ⅛
AstrM s	.12	.8	2982	15¾	14¼ 14¾ + ⅛
Astron		263	2¾	2¾	2¾ + ⅛
Astrsay		61	4¾	4¾	4¾
Atek		87	2⅜	2⅜	1⅞ — ⅛
Athena		1581	9	7¾	8 — ⅛
Athey		111	6½	6	6⅜ — ⅛
Atkinsn		64	16	15	15¾ — ⅛
AtlAm		84	2	1⅞	1⅞ — ⅛
AtlGulf		403	4¾	4¼	4¼
AtlSar s	.48	1.1	2154	42¾	43¾ + ⅛
AtlTele	.32	1.3	881	23¾	23¾ + ⅛
Atwell		1234	16	15¾	15¾ — ⅛
AtrixL		1139	8¼	7¾	8 — ⅛
AtwdOc		3	1⅛	1⅛	1⅛
AuBon		4681	27	25¾	27 +1½
AurgSy		6373	3⅜	3¼	3¼ — ⅛
AutTFr	†	21	1½	1½	1½
AutoInt		434	9	8¾	8¾ + ⅛
Autcam		2	5	5	5
Autoctv	.24	3.3	377	7¾	7¼ — ⅛
Autogk	.48	1.7	17308	48¼	44¾ 45¼ —1⅛
Autolnd		7776	19¾	17¾	18¾ + ⅛
Autolnd		1328	18	17½	17½ + ⅛
Autoln h		1426	24¼	20¾	23¾ +3
AutoCp	.57l	2.6	664	17½	20¾ 16 + ⅛
AutoCp		197	14¾	14¾	14¾ + ⅛
Avndle		485	2⅜	2⅛	2⅛ — ⅛
Aztar		4280	7	6½	6¾ — ⅛
AzlcM	.10	4.4	179	2½	2½ — ⅛
B					
BB&T	1.00	3.2	1580	31¾	31⅜ — ⅛
BE Aero			8199	12½	11¾ 12 — ⅛
BEI El	.08	1.0	43	7¾	7¾ — ⅛
BEI			888	4	3¾ 3⅞ + ⅛
BFS Rt Ent			1000	2½	2½ 2½ — ⅛
BFS NY			20	5½	5 5
BGS	.40a	1.5	158	41¼	39¾ 41¼
BHA			556	17	17 17 — ⅛
BHA B			86	18½	17 17 — ⅛
BI Inc			911	8½	7¾ 7¾ — ⅛
BII Ent	.10e		257	7¼	6⅝ 7 + ⅛
BISYS			2074	18⅝	17⅜ 18¼ + ⅛
BKLA			1463	12	11½ 11⅝ — ⅛
BMC Sft			16037	69½	66 67¼ + ½
BMC Wst			881	9¼	8⅞ 9 — ⅛
BMJ			119	6	5½ 5½ — ⅛
BMR Fn			748	3¾	3 3 — ⅛
BMH			388		
BPI Env			2828	6⅜	5¾ 6¼ + ⅛
BPI wtA			1784	2⅜	2⅛ 2⅛ + ⅛
BPI wtB			1463	1¾	1½ 1½ — ⅛
BSB Bcp	.80	2.9	139	27¾	26¼ 27¾
BT Fin	1.00b	4.1	112	25½	24 24¾ — ⅛
BT Snw			6237	2¾	1¾ 1¾ — ⅛
BTR			1	19	19 19
BTU Int			856	1¾	1½ 1⅝ — ⅛
BWIP	.24	.9	6232	27¼	26½ 26¾ — ⅛
Badger			2114	25	23½ 24¼ + ⅛
Bairnco			1901	5½	4¾ 4¾ — ⅛
Bachm			107	5¾	4¾ 4¾ — ⅛
BackBay			2565	15	13½ 13¾
Badger	.80	4.3	69	20½	17½ 18½ — ½
BkNiag wt			1053	1¼	1 1 — ⅛
BakerJ	.06	.3	5366	20	19¾ 19 — ⅛
Balchm s	.88		9	7¾	7 7¾ + ⅛
BldLyB	.50a	1.5	10	33½	32½ 33½
BanCal			3767	18¾	18¼ 19 + ⅛
Ballard	.05l	.2	4528	31	26¾ 28¼ —2¾
BalyGm			36207	16¼	11¼ 13 —2⅜
Baltek			34	6¼	6¼ 6¼
BanPonc	.80	2.9	1521	27¾	26½ 27¼ + ⅛
BcOne ptO	3.50	4.9	392	71½	69¾ 71½ +1½
BcOne ptP	3.50	4.9	1	71½	71½ 71½
BcOne ptQ	3.50	4.9	1	71½	71½ 71½
BcOne ptR	3.50	4.9	1	71½	71½ 71½
BcOne ptS	3.50	4.9	1	71½	71½ 71½
BcOne ptT	3.50	4.9	1	71½	71½ 71½
BcOne ptU	3.50	4.9	1	71½	71½ 71½
BcOne ptV	3.50	4.9	1	71½	71½ 71½
BcOne ptW	3.50	4.9	1	71½	71½ 71½
BcOne ptX	3.50	4.9	1	71½	71½ 71½
BcOne ptY	3.50	4.9	1	71½	71½ 71½
BcOne ptZ	3.50	4.9	1	71½	71½ 71½
BcOne pfAA	3.50	4.9	1	71½	71½ 71½
BcOne pfBB	3.50	4.9	1	71½	71½ 71½
BcOne pfCC	3.50	4.9	1	71½	71½ 71½
BcOne pfDD	3.50	4.9	1	71½	71½ 71½
BcOne pfEE	3.50	4.9	1	71½	71½ 71½
BcOne pfFF	3.50	4.9	1	71½	71½ 71½
BcOne pfGG	3.50	4.9	1	71½	71½ 71½
BcOne pfHH	3.50	4.9	1	71½	71½ 71½
BcOne pfII	3.50	4.9	1	71½	71½ 71½
BcOne pfJJ	3.50	4.9	1	71½	71½ 71½
BcOne pfKK	3.50	4.9	1	71½	71½ 71½
BcOne pfLL	3.50	4.9	1	71½	71½ 71½
BcOne pfMM	3.50	4.9	1	71½	71½ 71½
BcOne pfNN	3.50	4.9	1	71½	71½ 71½
BcOne pfOO	3.50	4.9	1	71½	71½ 71½
BcOne pfPP	3.50	4.9	1	71½	71½ 71½
BcOne pfQQ	3.50	4.9	1	71½	71½ 71½
BcOne pfRR	3.50	4.9	1	71½	71½ 71½
BcOne pfSS	3.50	4.9	1	71½	71½ 71½
BcOne pfTT	3.50	4.9	1	71½	71½ 71½
BcOne pfUU	3.50	4.9	1	71½	71½ 71½
BcOne pfVV	3.50	4.9	1	71½	71½ 71½
BcOne pfWW	3.50	4.9	1	71½	71½ 71½
BcOne pfXX	3.50	4.9	1	71½	71½ 71½
BcOne pfYY	3.50	4.9	1	71½	71½ 71½
BcOne pfZZ	3.50	4.9	1	71½	71½ 71½
BcOne pfAAA	3.50	4.9	1	71½	71½ 71½
BcOne pfBBB	3.50	4.9	1	71½	71½ 71½
BcOne pfCCC	3.50	4.9	1	71½	71½ 71½
BcOne pfDDD	3.50	4.9	1	71½	71½ 71½
BcOne pfEEE	3.50	4.9	1	71½	71½ 71½
BcOne pfFFF	3.50	4.9	1	71½	71½ 71½
BcOne pfGGG	3.50	4.9	1	71½	71½ 71½
BcOne pfHHH	3.50	4.9	1	71½	71½ 71½
BcOne pfIII	3.50	4.9	1	71½	71½ 71½
BcOne pfJJJ	3.50	4.9	1	71½	71½ 71½
BcOne pfKKK	3.50	4.9	1	71½	71½ 71½
BcOne pfLLL	3.50	4.9	1	71½	71½ 71½
BcOne pfMMM	3.50	4.9	1	71½	71½ 71½
BcOne pfNNN	3.50	4.9	1	71½	71½ 71½
BcOne pfOOO	3.50	4.9	1	71½	71½ 71½
BcOne pfPPP	3.50	4.9	1	71½	71½ 71½
BcOne pfQQQ	3.50	4.9	1	71½	71½ 71½
BcOne pfRRR	3.50	4.9	1	71½	71½ 71½
BcOne pfSSS	3.50	4.9	1	71½	71½ 71½
BcOne pfTTT	3.50	4.9	1	71½	71½ 71½
BcOne pfUUU					

MONDAY SPORTS BASKETBALL

Flyers Tie Capitals On 3d Lindros Goal

The Associated Press

Eric Lindros got his second NHL hat trick with a penalty shot with 19 seconds left in regulation, and the Philadelphia Flyers got a little something to cheer about.

Lindros gave the Flyers a 5-5 tie with the Washington Capitals in Landover, Maryland, on Saturday night when the referee, Paul Devorski, awarded the penalty shot after ruling that Al Iafrate of Washington had deliberately dislodged the net from its moorings during a flurry near the Capitals' net.

Lindros skated in and lifted a shot above goaltender Don Beaupre's left shoulder for his 19th goal of the season. It was his fourth goal in four games since a nine-game absence because of a sprained knee ligament.

The penalty shot ruined a comeback from a 4-0 deficit by the Capitals, who took a 5-4 lead on a goal by Dimitri Khristich with 7:17 remaining in the third period.

Rod Brind'Amour had a goal and an assist and Ric Nattress three assists for the Flyers, who failed for the sixth straight game to beat a Patrick Division opponent.

Iafrate called Devorski's decision "the right call."

"I collided with a Flyer and I collided with the net and knocked it off," he said.

Islanders 6, Rangers 4: In Uniondale, New York, Steve Thomas scored twice as the Islanders extended their home-ice domination of the Rangers to 12 games. The Islanders got back to the .500 mark for the season at 16-16-4, the best they've been since Nov. 3.

Bruins 9, Whalers 4: In Hartford, Connecticut, Dmitri Kvartalnov had two goals and an assist and Adam Oates scored a pair of power-play goals. Kvartalnov capped a four-goal uprising by the Bruins during a 7:21 stretch of the second period with a breakaway goal, then added his 18th of the season 58 seconds into the third period.

Nordiques 4, Senators 2: In Quebec, Ottawa lost its 18th straight road game, as the Nordiques' Martin Rucinsky had a goal and two assists.

Red Wings 5, Maple Leafs 1: In Toronto, Steve Yzerman had a goal and two assists for Detroit. Toronto was held scoreless on seven power plays, Detroit was good on one of three, with a shorthanded goal to boot.

NHL HIGHLIGHTS



So who's got the ball? Alvin Robertson of the Bucks, right, and the Knicks' Dee Rivers, at an impasse and waiting for the call. Reuters

Scrappy Suns Win 12 in Row

The Associated Press

The Phoenix Suns used to be flashy but suspect at crunch time. Now, with Charles Barkley and Dan Majerle playing black-and-blue basketball inside, the flashiest thing about the Suns is their record.

"We can play better," Barkley said after getting 33 points and 13 rebounds Saturday night in a 113-110 victory in Phoenix over the Seattle SuperSonics, which gave the Suns a team-record 12 consecutive victories.

"We didn't play well tonight, but it goes back to what I was saying about being scrappy," Barkley said. "If you're scrappy, good things are going to happen. You don't have to play well every night."

Tom Chambers's two free throws broke a tie with 28 seconds left, and Barkley tipped a defensive rebound to Danny Ainge, fouled Derrick McKey and got the rebound when McKey missed both free throws — all in the final 12 seconds.

The Suns (19-4) matched their best start since 1980-81.

"We've done it all season long — found ways to win games," Chambers said. "We're not blowing out teams like we used to, but if the game is close, we'll win it. In the old days we'd have a 10-point lead going into the fourth quarter and lose the game. I like it better this way."

Majerle scored 21 points and Cedric Ceballos 16 for the Suns.

Eddie Johnson, whose 3-pointer with 32 seconds left made it 110-110, led the SuperSonics with 22 points.

The Suns snapped their previous single-season record of 10 consecutive victories by beating Denver, 111-96, on Wednesday. The mark they surpassed against Seattle was 11 straight — the last six games of the 1983-84 season and the first five of 1984-85.

It also was the seventh victory in a row at home for Phoenix, which ended the Sonics' season-high winning streak at five straight.

Seattle, playing its third straight game without its top scorer, Shawn Kemp, made a determined effort. Neither team led by more than seven points, and the 29th lead change occurred when Majerle's 3-pointer put Phoenix ahead, 100-98, with 5:36 left.

It was tied twice again — and 19 times overall — but Seattle couldn't regain the lead against a centerless Phoenix lineup. That opened room inside for Barkley, who had 10 points in the fourth quarter to nearly offset Johnson's 13.

McKey missed another pair of free throws with 40 seconds left, prompting Phoenix's coach, Paul Westphal, to say, "Our free-throw defense was working again tonight."

Bucks 102, Knicks 100: In Milwaukee, rookie Todd Day scored a season-high 22 points and sank the go-ahead free throws with 1:45 left in overtime as Milwaukee snapped an 11-game losing streak.

The Bucks, who started the season 10-3, won for the first time since beating the Miami Heat on Dec. 2. New York missed 8 of 9 shots in overtime.

Nets 119, Cavaliers 114: In Richfield, Ohio, Derrick Coleman scored 30 points and Chris Morris scored 10 of his 18 points in the last 4:10 as New Jersey ended Cleveland's seven-game winning streak.

Jazz 108, Celtics 92: In Salt Lake City, Utah, John Stockton hit four 3-pointers, with three during an 11-2 third-quarter run. The Celtics trailed only 58-55 early in the third quarter before the decisive spurt led by Stockton.

Bulls 95, Pacers 84: In Indianapolis, Horace Grant scored a career-high 30 points and tied his career best with 20 rebounds against Indiana, leading Chicago to its fourth straight victory. Grant, who finished with 11 offensive rebounds, had 19 points and 10 rebounds at halftime, helping offset a poor shooting half by Michael Jordan.

Heat 106, Magic 100: In Miami, Harold Miner scored a season-high 19 points, with six in the final 1:36, and Miami hit 21 consecutive free throws in one stretch of the second half to snap a four-game losing streak and Orlando's four-game winning streak.

Rockets 90, Nuggets 82: In Houston, backup guard Sleepy Floyd scored 14 points as Houston's reserves outscored Denver's by 36-11 in a victory that handed the Nuggets their 10th consecutive loss.

Spurs 104, Lakers 92: In Inglewood, California, Dale Ellis scored 17 of his 27 points in the third quarter and Sean Elliott also scored 27. The Spurs are 4-0 since Jerry Tarkanian was fired on Dec. 18 and 3-0 under their new coach, John Lucas.

NBA HIGHLIGHTS

The Hoyas' Next Great Big Man Is Measuring Up

By Robyn Norwood
Los Angeles Times Service

LOS ANGELES — It was two days before Christmas, and Millicent Harrington was baking cakes and cookies. The vegetable soup was on to simmer.

Her oldest boy was coming home.

To his mother, Othella Harrington is a son newly off to college, a young man eager to talk on the phone two or three times a week, a freshman who was welcomed home with his favorite soup.

It's only the world outside the Harringtons' house in Jackson, Mississippi, that thinks of him as the next great big man at Georgetown in a line that descends from Patrick Ewing to Dikembe Mutombo to Alonzo Mourning and now to Harrington, a 6-foot, 10-inch (2.08-meter) freshman.

"Just like any freshman, he's adjusting to being away from home for the first time," Millicent Harrington said. "He's just a typical freshman who's gone away to college."

After five games, the typical freshman is averaging 19.4 points and 9.8 rebounds and shooting 68.8 percent for 11th-ranked Georgetown, which plays in the Disneyland Freedom Bowl Classic on Monday and Wednesday.

For Georgetown and its coach, John Thompson, landing Harrington was a coup that shored up the Hoyas' reputation in the face of critics who said they hadn't landed a high-profile national player since Mourning signed in the fall of 1987. Some speculated that Thompson had grown weary of the worshipful pursuit of teenage athletes. Thompson says it's only that he and his staff have a different perspective.

"I'm not excited, nor is any sensible, intelligent person, about running around after 17-, 18-year-olds kissing their behinds," Thompson said.

Harrington made his decision partly on Georgetown's past successes.

"Ever since he was in seventh grade, he said he wanted to play at Georgetown," Millicent Harrington said. "I think he just used the other schools as a measurement for Georgetown. I think it was because of Patrick Ewing, and because he liked the coach. It had always been in the back of his mind. His final choice was going back to his original dream. Not many people have an opportunity to live their dream."

Over the summer, Harrington and another talented freshman, Duane Spencer, were in Washington and played with some of the Hoya alumni.

"They had a chance to play with Patrick, Dikembe and Alonzo," Thompson said. "Those are their friends now."

Instead of sheltering the younger players from the example of the older group, Thompson nurtures it.

"They're positive role models in a society in which we're in constant search for positive role models," he said.

Still, even he must take measures to keep Harrington's youth in mind.

"I just realize we're talking about someone 18, 19 years old," Thompson said.

The Georgetown freshmen are monitored as they adjust to college classes, basketball and being away from home. And, Thompson does not allow freshmen to grant interviews until after Jan. 1.

"It's a very simple philosophy," he said. "You can't talk about something you know nothing about, unless you're a fool."

Thompson has been pleased with the first games of Harrington's college career, even if they have been against such classic early-season opponents as St. Leo, Southern, Maryland Eastern Shore and Morgan State.

"I think, number one, he's composed in the post," Thompson said. "Once he gets the basketball, he's not in a hurry, and he's extremely unselfish. He's an excellent rebounder. And his work ethic seems similar to Patrick's, Dikembe's and Alonzo's."

People who know Harrington describe him as quiet off the court, a young man who still says "yes sir" and "no sir."

His mother misses him, but she doesn't wish him back home.

"Yes, because I miss him, and no, because I really feel he's at the best place," she said. "As a parent you have to let go. They can't stay with you forever. If he's going to have a career, he has to leave. He's gone off to prepare for his career."

Back on TV: UNLV's Streak

The Associated Press

LAS VEGAS — UNLV used its first appearance on national television in two years to prove that the 19th-ranked Rebels haven't lost their winning touch.

J.R. Rider tied a career-high 32 points and a career-best 15 rebounds Saturday night as UNLV extended the nation's longest college winning streak to 27 games with a 94-88 victory over Marquette.

The Running Rebels won their 50th straight at the Thomas & Mack Center, the longest current streak in the nation. They had been banned from national TV appearances by the National Collegiate Athletic Association the past two seasons.

Reserve Damon Key matched Rider with a career-high 32 points for the Warriors.

The Rebels (4-0) used their quickness against the taller Warriors (6-1) in taking a 17-9 lead. UNLV had built the margin to 14 points by halftime, and led by 16 points late in the game before Marquette battled back against Rebels reserves.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Thursday, Dec. 24.

(Continued)

	Sales in 100s	High	Low	Close	Net Chge
MktAm pf		75	26	25	26 — 1
MktAll		11	9	10	10 — ½
MktPl	24	22	8½	8½	8½ — ½
MktSec	34	24	8	10	10 — ½
MktSFd		17	23½	24	24 — ½
MktSm		14	9	9	9 — ½
MktsWs	189	57	17½	17	17½ — ½
MktFn		47	26	21	21 — ½
MktCp		19	7	20½	20½ + 1½
MktWc		13	4	4	4 — ½
MktHme	58	52	9	9	9 — ½
MktHlt		15	4	4	4 — ½
MktMd	36	24	3½	3½	3½ — ½
MktHlr	52	28	17½	18½	18½ + ½
MktHlf		15	8	8	8 — ½
MktHd wt		1	1	1	1 — ½
MktCm		7	7½	7½	7½ — ½
MktAre		1	7½	7½	7½ — ½
MktHm		8	2½	2½	2½ — ½
MktHrt		8	2½	2½	2½ — ½
MktSt	58	52	9	9	9 — ½
MktSc		15	4	4	4 — ½
MktSd	36	24	3½	3½	3½ — ½
MktWst	189	57	17½	17½	

MONDAY SPORTS BASEBALL

One-Upmanship in Free Agency

By Murray Chass
New York Times Service

NEW YORK — In 1974, National Football League players went on strike with the battle cry "Freedom Now" and wound up with a system of free agency that was a fraud.

Two years later, when major league baseball players negotiated a system of free agency after a court-affirmed arbitrator's decision, Ed Garvey, the man who negotiated the ineffective NFL agreement for the players, ridiculed the baseball union for settling for less than the arbitrator had given the players.

Now, nearly two decades after the freedom-now strike, NFL players have what they hope is a workable free-agency system. The owners, however, must still know something the players don't know because most have agreed to the system as they watched their baseball brethren reinforce their belief that free agency would be bad for their pocketbooks.

With the Oakland Athletics' signing of Mark McGwire last week, all of the high-priced baseball talent has been employed for 1993.

Seventeen free-agent classes after Garvey criticized Marvin Miller and Richard Moss, the baseball union leaders, for what he said was a blunder, 23 free agents have signed contracts worth more than $3 million a year, with Barry Bonds No. 1 at $43.75 million for six years.

No football player has that kind of guaranteed contract. Guarantees beyond one year, in fact, are nonexistent in the NFL. But of the 93 baseball free agents (of the group of 153) who have signed new contracts, 70 have deals that guarantee them $513 million.

And all of this money was committed, most of it for years beyond 1993, by club owners who say their national television income will dive drastically after next season, by owners who say baseball must have a new salary system, one that places a cap on what players can earn in what management refers to as revenue participation.

The football labor agreement that the two sides hope to make definite this week creates a salary cap in the NFL for the first time but only if and when player costs reach 67 percent of revenue. Baseball players might be persuaded to accept that kind of deal, but the owners in no way would offer 67 percent of their revenue.

The baseball owners would point out that they have a major expense in maintaining minor league systems while NFL teams get a free ride from colleges that produce their players. In 1991, the last season for which audited figures are available, major league player costs were 47 percent of revenue and minor league expenses were 12 percent. The union would counter that much of the clubs' spending on the minor leagues is wasteful.

The National Basketball Association, which put into effect the first sports salary cap, gives its players 53 percent of about 98 percent of its revenue. In negotiations that are expected to begin soon after the first of the new year, management most likely will use the NBA figure as its bargaining guideline, but the players would see no reason to accept only 53 percent.

Baseball management's unaudited financial data show that player costs were just a shade under 50 percent of revenues this year, and its estimates for 1993 say that the players' share will easily surpass 50 percent. According to management figures, approximately 35 percent of the players have signed contracts for 1993 with total income of about $550 million.

Baseball owners long have been envious of their football counterparts for their ability to keep legitimate free agency out of their life and their payrolls in this universe. Now, by establishing a 67 percent salary-cap standard, the football owners have given their baseball counterparts reason to curse them.

■ Progress Reported in NFL Talks

The NFL Players Association's executive director, Gene Upshaw, has said an agreement with the owners is closer after separate talks with Commissioner Paul Tagliabue and the Los Angeles Raiders' president, Al Davis, The Associated Press reported from Washington.

"We've made some good progress today," Upshaw said as he left the RFK Stadium press box late in the Raiders' 21-20 victory over Washington. But he declined to elaborate on what advances had been made.

Davis was less enthusiastic.

"That's great if he said we were making progress," Davis said. "I'm not going to comment, and I'm certainly not going to get into details."

Davis has been holding out because he wants at least two players exempted from free agency, not just one as the tentative settlement calls for.

The agreement needs the vote of four more team executives to be ratified, and Davis has been targeted by the union as one owner likely to switch sides. He voted against the pact at league meetings 10 days ago in Dallas.

Four others who voted "No" in Dallas but are expected to switch are: John Shaw of the Los Angeles Rams, John Kent Cooke of the Redskins, Art Rooney of the Pittsburgh Steelers and Mike Brown of the Cincinnati Bengals.



David Callow/Agence France-Presse

CATCHING ON — Ian Healy, Australia's wicket keeper, showing the caught ball that dismissed Ritchie Richardson of the West Indies for 7 runs. The West Indies struggled Sunday at 62 for three against Australia's first innings total of 395 in Melbourne.

Changing Teams, Changing Leagues

New York Times Service

NEW YORK — Of the 93 baseball free agents who have signed, 29 remained with their 1992 teams, 60 moved to new teams and four opted to play in Japan. For player movement generally, including trades, the National League East seems to have lost the greatest number of top players.

Barry Bonds, Greg Maddux and Doug Drabek have moved to the NL West while Andre Dawson has changed leagues. Others who will not play for NL East teams next season include Jose Lind, Ivan Calderon, Todd Worrell and Spike Owen.

Gone from the NL West will be Tony Fernandez, Randy Myers and Benito Santiago, who will play for NL East teams, and Norm Charlton and Chartie Leibrandt, who have gone to the American League.

Moving from the AL West to the National League are John Smiley, Jose Guzman, Kevin Mitchell and Walt Weiss while Jim Abbott, Dave Stewart and Mike Moore defect to the AL East.

Most of the name players departing from the AL East have left the Toronto Blue Jays. David Cone, Dave Winfield, Tom Henke, Kelly Gruber, Manny Lee and Dave Stieb will play for AL West teams while Candy Maldonado has switched to the other league. Among team-changing players from other teams, Chris Bosio has gone to the AL West and Roberto Kelly, Frank Tanana and Jody Reed now belong to National League teams.

The Blue Jays still may make some moves to add veteran players to their lineup, but they have lost the left side of their infield, Gruber and Lee; their designated hitter, Winfield; their left fielder, Maldonado; their No. 1 relief pitcher, Henke, and two members of their starting rotation, Cone and Jimmy Key. They had 12 free agents, and only Joe Carter has re-signed with them.

Key and Wade Boggs have gone to the Yankees and Paul Molitor has shifted to the Blue Jays.

The Oakland Athletics were the only team with more free agents, 15, and they have re-signed eight while losing two starting pitchers, Stewart and Moore. Most importantly, they have re-signed Mark McGwire, Ruben Sierra and Terry Steinbach along with Harold Baines and Ron Darling.

Coghlan Sets Himself a Goal: The 4-Minute Mile at Age 40

By Filip Bondy
New York Times Service

NEW YORK — Eamonn Coghlan turned 40 years old on Nov. 21, during a flight from Bermuda to New York. The track star remembers feeling young and heady, far above the clouds.

"I was delighted," said Coghlan by telephone from his home in Dublin. "I have a renewed attitude toward track. I'm ready for some fun."

The fun that Coghlan has in mind is to become the first Masters runner ever to break the four-minute barrier in the mile.

He is training seriously toward that end and will make his first effort at the mark on Feb. 5 in the Masters Mile at the Millrose Games at Madison Square Garden in New York.

In an era in which runners like Coghlan have competed at an elite level into their mid-30s, the notion of a four-minute mile at age 40 is no longer so daunting.

Some have tried recently, only to fall short because of injury or lack of commitment to training. John Walker gave up because of leg problems. Others have been sabotaged by undertrained cardiovascular systems.

"The hard part is not running the race but training the body," Coghlan said. "There's a fine line between breaking down and being in shape."

Coghlan retired from the track in 1990, after running a 4:00.2 in the Millrose Games. He entered the New York Marathon in 1991, finishing in a remarkable 2:25.10 on just three months' training.

After that race, Coghlan says, he "kept jogging along for a year or two."

"I figured that if I was still in shape when I turned 40, I would go for it," he said. "Running became a hobby, but the four-minute goal was always in the back of my mind."

While working as a marketing executive for a children's hospital in Dublin, Coghlan entered several road races and put in 60 to 70 training miles a week. For the most part, his results were promising. On Sept. 13, he ran 4:06.64 for the mile in a road race at Edinburgh. He has had some problems, however, with a sore calf and a delicate hamstring that have caused him to go easy on the speed work.

"I was on a track in October and November, but I haven't been sprinting as fast as I could," Coghlan said. "I'm going down to Florida to see if I can put in some hard work again. Whether I can make it happen is part of the human-interest story."

Coghlan has always made his reputation on the indoor track, particularly the undersized one at the Garden that requires 11 laps to the mile. He is a seven-time winner of the Wanamaker Mile, the showcase event of the Millrose Games.

In 1983, Coghlan ran a mile in 3 minutes, 49.78 seconds at Meadowlands Arena, which still stands as the world indoor record and the only time any miler has broken 3:50 indoors.

"It's going to be very, very tough to set the Masters record on the Garden track," he said. "The track might not be conducive to doing it physically, but I'm counting on the ambience and the crowd to make it the perfect psychological place for my first test."

If Coghlan can't break four minutes at the Garden, he can still break a couple of Masters marks.

Wilson Waigwa holds the indoor world record of 4:13.05, set at the Millrose Games in 1991, and the overall world record of 4:05.31, set outdoors in 1989.

If Coghlan fails at these goals in his first test, he said, he would try it somewhere else indoors. Then, he will try it outdoors.

"It would be ironic if I set this mark outdoors because I was known for my running indoors," Coghlan said.

SCOREBOARD

BASKETBALL

NBA Standings

	W	L	Pct	GB
EASTERN CONFERENCE				
Atlantic Division				
New York	16	9	.640	—
Orlando	12	10	.545	2½
New Jersey	14	12	.538	2½
Boston	12	14	.462	4½
Philadelphia	7	16	.304	8
Miami	7	17	.292	8½
Washington	7	19	.269	9½
Central Division				
Chicago	19	7	.731	—
Charlotte	14	11	.560	4½
Cleveland	15	12	.556	4½
Detroit	13	11	.542	5
Indiana	13	13	.500	6
Atlanta	12	13	.480	6½
Milwaukee	11	14	.440	7½
WESTERN CONFERENCE				
Midwest Division				
Utah	16	8	.667	—
Houston	14	9	.609	1½
San Antonio	13	11	.542	3
Denver	7	17	.292	9
Minnesota	5	17	.227	10
Dallas	2	20	.091	13
Pacific Division				
Phoenix	19	4	.826	—
Seattle	17	8	.680	3
Portland	16	8	.667	3½
LA Lakers	14	10	.583	5½
LA Clippers	14	11	.560	6
Golden State	13	13	.500	7½
Sacramento	8	16	.333	11½

SATURDAY'S RESULTS

New Jersey 27 24 25 33—119
Cleveland 35 28 25 26—114
Coleman 12-18 4-6 30, Petrovic 8-16 4-4 21, Anderson 11-16 4-5 26; Dougherty 12-22 4-5 28, Price 7-12 2-2 18, Wilkins 7-14 3-4 18. Rebounds—New Jersey 44 (Coleman 13), Cleveland 39 (Nance, Dougherty 10). Assists—New Jersey 33 (Anderson 10), Cleveland 39 (Price 13).

Boston 28 25 17 27— 97
Utah 27 31 22 28—108
Lewis 4-19 7-8 15, Gamble 6-11 2-4 16, Fox 5-12 5-6 15; K.Malone 10-20 9-11 29, Stockton 5-11 4-5 18. Rebounds—Boston 61 (Parish 11), Utah 67 (K.Malone 12). Assists—Boston 28 (Lewis 6), Utah 27 (Stockton 12).

Detroit 27 16 22 34—99
Washington 24 22 25 26—97
Dumars 9-21 5-5 23, Thomas 10-19 2-2 22; Grant 11-21 3-3 24, Adams 6-12 4-6 17. Rebounds—Detroit 50 (Rodman 22), Washington 48 (Gugliotta 13). Assists—Detroit 23 (Thomas 11), Washington 23 (Adams 8).

Chicago 22 29 28 23—93
Indiana 27 17 19 21—84
Grant 12-16 6-12 30, Jordan 9-22 0-0 17; Schrempf 10-21 3-4 23, Miller 7-17 5-7 22. Rebounds—Chicago 65 (Grant 20), Indiana 58 (Davis, Schrempf 15). Assists—Chicago 27 (Jordan 8), Indiana 25 (Richardson, Schrempf 8).

Orlando 26 21 16 37—100
Miami 24 25 29 28—106
Tolbert 6-7 4-5 17, O'Neal 6-15 6-9 18, Skiles 6-10 3-3 17; Edwards 6-10 10-10 22, Miner 5-11 9-10 19. Rebounds—Orlando 48 (O'Neal 11), Miami 56 (Battie 12). Assists—Orlando 28 (Skiles 8), Miami 16 (Long, Salley, Coles, Edwards 3).

Atlanta 26 32 26 29—113
Minnesota 33 27 25 28—105
Ferrell 11-18 5-8 27, Willis 10-17 10-11 30; Loehrer 11-15 4-6 26, Person 7-14 0-0 17, West 6-12 5-7 17. Rebounds—Atlanta 49 (Keete 11), Minnesota 44 (Loehrer, Person, Langley 7).

Golden State 32 31 22 25—110
Dallas 24 35 18 19— 96
Mullin 9-18 3-4 21, Hardaway 12-20 5-6 31; Harper 7-19 3-3 18, Bond 7-17 6-8 20. Rebounds—Golden State 68 (Hill 13), Dallas 57 (Smith 11). Assists—Golden State 27 (Hardaway 15), Dallas 15 (Harper 5).

Denver 22 18 29 22—92
Houston 22 25 28 15—90
Ellis 7-16 1-2 15, Williams 7-18 2-2 16; Olajuwon 7-17 4-6 18, Smith 5-7 3-4 14, Floyd 4-12 6-6 14. Rebounds—Denver 52 (Mutombo 13), Houston 59 (Olajuwon 16). Assists—Denver 23 (Macon 6), Houston 21 (Olajuwon, Floyd 4).

New York 31 22 26 19 2—100
Milwaukee 28 31 29 19 4—102
Ewing 10-19 8-11 28, Blackman 9-17 1-1 19; Edwards 7-17 4-4 21, Brickowski 9-14 3-5 20. Rebounds—New York 51 (Smith 8), Milwaukee 49 (Avent 9). Assists—New York 25 (Smith 5), Milwaukee 26 (Edwards, Brickowski 6).

Seattle 28 27 28 27—110
Phoenix 27 33 27 26—113
Payton 9-16 0-0 19, E.Johnson 9-16 3-3 22; Barkley 10-22 13-15 33, Majerle 9-17 0-0 21. Rebounds—Seattle 49 (Case 8), Phoenix 54 (Barkley 13). Assists—Seattle 27 (Payton 11), Phoenix 24 (Knight, Majerle 5).

Philadelphia 25 25 25 22 — 97
Portland 28 27 29 17 13—121
Hornacek 14-27 2-2 35, Anderson 9-22 5-8 24; Duckworth 9-14 4-5 22, Robinson 13-24 3-3 31. Rebounds—Philadelphia 59 (Bol 15), Portland 66 (Williams 19). Assists—Philadelphia 30 (Hornacek 7), Portland 35 (Strickland 12).

San Antonio 25 22 24 25—104
LA Lakers 24 28 21 19— 92
Elliott 11-16 4-5 27, Ellis 11-22 3-4 27; Threatt 5-10 4-4 14, Edwards 7-15 3-3 16. Rebounds—San Antonio 51 (Robinson 11) Los Angeles 41 (Green, T.Smith 5).

Major College Scores

Maryland 103, Marson St. 63
Norfolk St. 96, Clark Atlanta 62
Southern Cal 82, Florida Atlantic 58
Cincinnati 68, Temple 45
Texas 89, Illinois 72
UNLV 94, Marquette 88
Utah 96, Wis.-Milwaukee 62

HOCKEY

NHL Standings

	W	L	T	Pts	GF	GA
WALES CONFERENCE						
Patrick Division						
Pittsburgh	25	9	3	53	170	129
Washington	19	16	3	41	157	136
NY Rangers	18	14	4	40	149	138
NY Islanders	16	16	4	36	148	139
New Jersey	17	15	1	35	119	111
Philadelphia	11	18	5	27	123	144
Adams Division						
Montreal	21	12	4	46	152	122
Boston	21	11	2	44	139	119
Quebec	19	12	6	44	162	144
Buffalo	15	14	6	36	152	124
Hartford	11	21	3	25	111	156
Ottawa	3	32	3	9	82	175
CAMPBELL CONFERENCE						
Norris Division						
Chicago	20	13	4	44	124	100
Detroit	19	16	3	41	158	127
Minnesota	18	12	5	41	120	112
Toronto	13	14	5	31	107	117
Tampa Bay	14	22	2	30	129	141
St. Louis	12	18	5	29	120	137
Smythe Division						
Calgary	22	10	4	48	141	110
Los Angeles	20	12	4	44	139	136
Vancouver	20	10	3	43	153	102
Edmonton	13	18	5	31	102	140
Winnipeg	12	19	3	27	116	137
San Jose	6	29	1	13	109	181

SATURDAY'S RESULTS

N.Y. Rangers 2 1 1—4
N.Y. Islanders 2 3 1—6
Kovalev (8), Nemchinov (14), Messier (18), Amonte (15); Thomas (15) 2, Mullen (9), Flatley (5), Hogue (15), Dalpame (6). Shots on goal—NY Rangers (on Healy) 16-14-9—39, NY Islanders (on Richter) 16-9-13—38.

Boston 0 4 5—9
Hartford 2 1 1—4
Shaw (4), Oates (20) 2, Kimble (1), Kvartalnov (18) 2, Reid (5), McKim (1), Poulin (10); Cassels (6), Sanderson (17), Zalapski (5), McKenzie (2). Shots on goal—Boston (on Burke, Pietrangelo) 5-16-14—35, Hartford (on Moog) 6-9-5—20.

Ottawa 2 0 0—2
Quebec 6 2 1—4
Fraer (4), Peluso (9); Pearson (1), Hough (2), Leschyshyn (3), Rucinsky (10). Shots on goal—Ottawa (on Hextall) 6-8-4—23, Quebec (on Berthiaume) 12-14-12—38.

Philadelphia 0 4 1 0—5
Washington 0 1 4 0—5
Brind'Amour (12), Eklund (2), Lindros (19) 3; Pivonka (5), Miller (11), Hatcher (12), Elynuik (10), Khristich (9). Shots on goal—Philadelphia (on Hrivnak, Beaupre) 4-10-9-1—24, Washington (on Sodergren) 10-12-14-3—41.

Winnipeg 0 1 1—2
Minnesota 1 1 3—5
Shannon (7), Zhamnov (7), Olczyk (7), Tkachuk (11); Courtnall (14) 2, Gagner (20), Duchesne (12), McPhee (6). Shots on goal—Winnipeg (on Wakaluk) 7-11-13—31, Minnesota (on Tabaracci) 10-5-9—24.

St. Louis 0 1 1 1—3
Chicago 0 2 0 0—2
Miller (12), Hull (19), Baron (1); Larmer (21), Lemieux (5). Shots on goal—St. Louis (on Belfour) 8-11-7-1—27, Chicago (on Joseph) 11-13-18-0—42.

Detroit 1 2 2—5
Toronto 0 1 0—1
Sheppard (11), Drake (9), Yzerman (28), Burr (6), Ciccarelli (16); Mironov (7). Shots on goal—Detroit (on Fuhr) 6-11-8—25, Toronto (on Cheveldae) 10-11-6—27.

Los Angeles 1 1 0—2
San Jose 3 1 3—7
Granato (14), Conacher (5); Ozolinsh (7), Falloon (13), Garpenlov (7), Goudreau (13), Odgers (3), Picard (3) 2. Shots on goal—Los Angeles (on Hackett) 22-16-21—59, San Jose (on Stauber) 14-11-15—40.

SOCCER

ENGLISH PREMIER LEAGUE

Arsenal 0, Ipswich 0
Blackburn 3, Leeds 1
Chelsea 1, Southampton 1
Coventry 3, Aston Villa 0
Crystal Palace 2, Wimbledon 0
Everton 2, Middlesbrough 2
Manchester City 2, Sheffield United 0
Norwich 0, Tottenham 0
Nottingham Forest vs. Queens Park, ppd.
Oldham vs. Liverpool, ppd.
Sheffield Wednesday 3, Manchester United 3

CRICKET

SECOND TEST
Australia vs. West Indies, First Day
Saturday in Melbourne
Australia 1st innings: 227-4 (92 overs)
Australia vs. West Indies, Second Day
Sunday in Melbourne
Australia 1st innings: 395 (153 overs)
West Indies 1st innings: 62-3 (24 overs)

FIRST ONE-DAY INTERNATIONAL
New Zealand vs. Pakistan
Saturday at Wellington, New Zealand
Pakistan's innings: 138-8 (49 overs)
New Zealand's innings: 108 (39.3 overs)
Pakistan won by 30 runs.

THIRD TEST
South Africa vs. India, First Day
Saturday at Port Elizabeth, South Africa
South Africa 1st innings: 197-8 (90 overs)

DENNIS THE MENACE



"I WAS GOOD RIGHT UP UNTIL CHRISTMAS! YOU EXPECT ME TO BE GOOD *ALL YEAR LONG?*"

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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TREEB
HARMIO
GRAUSY



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: (Answers tomorrow)

Saturday's Jumbles: LUCID MAKER DECADE PLOWED
Answer: Two weatherwomen fell in love and got this— "WELDED"

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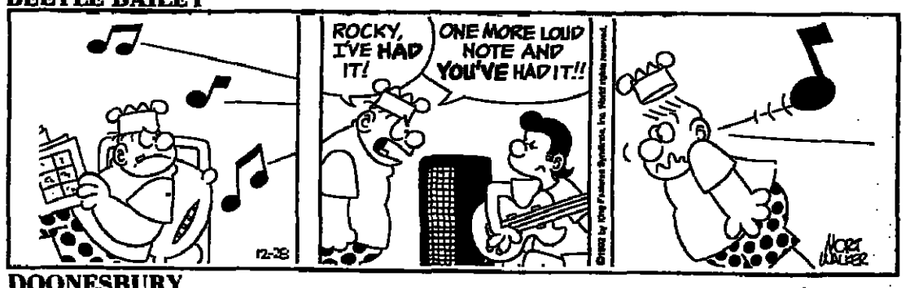
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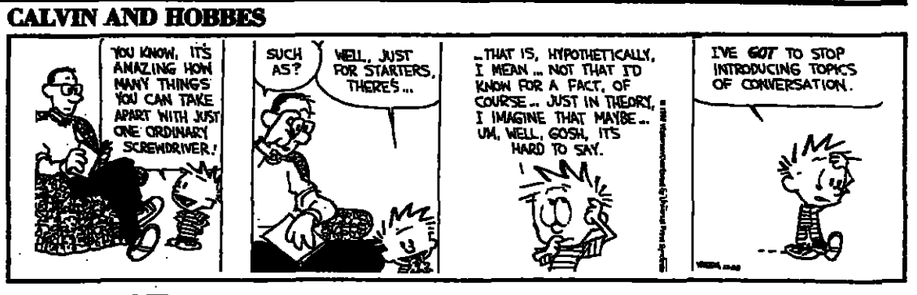
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MONDAY SPORTS FOOTBALL

Vikings Eliminate Packers, Chiefs Advance to the Playoffs



Jeff Snyder/Reuters

The Redskins' Wilbert Marshall, left, and Charles Mann sacking quarterback Jay Schroeder. He was injured, but the Raiders won on a touchdown with 13 seconds left.

Minnesota Gains Home-Field Advantage, Kansas City Finally Breaks Elway Jinx

Agence France-Presse

The Minnesota Vikings made sure they wouldn't have to play the Green Bay Packers again this season.

Sean Salisbury ignited the Vikings' dormant pass offense, throwing for a career-high 292 yards and two touchdowns, as Minnesota beat Green Bay, 27-7, in Minneapolis on Sunday. The loss eliminated the Packers from playoff contention and stopped their six-game winning streak.

Terry Allen ran for 100 yards and set the single-season rushing record for the NFC Central champion Vikings (11-5). Allen finished with 1,201 yards, 46 more than Chuck Foreman gained in 1976 — Minnesota's last Super Bowl season.

Not even Sterling Sharpe, who caught six passes to end the year with 108, eclipsing Art Monk's NFL-record 106-reception season of 1984, could get the Packers (9-7) into the playoffs.

Because the Washington Redskins were upset by the Los Angeles Raiders on Saturday, the Packers knew going in that a victory would put them in the playoffs for the first time in a nonstrike season since 1972. Green Bay would have returned to the Metrodome next weekend.

Instead, Minnesota on Saturday will be home for the defending Super Bowl champion Redskins (9-7), who have the tiebreaker advantage over the Packers because of a better record in conference games.

Salisbury completed 20 of 33 passes, including a 13-yard first-quarter touchdown pass to Steve Jordan and a 34-yard scoring pass to his other tight end, Mike Tice, in the second period.

Chiefs 42, Broncos 20: In Kansas City, Missouri, Marty Schottenheimer and the Chiefs made it to the playoffs by breaking the longtime John Elway jinx. The defense scored three of the touchdowns and set up a fourth. Two of those were the direct work of Derrick Thomas, who had three of the team's six sacks. His hit forced an interception that was returned for a TD and he sacked Elway in the end zone and fell on the ball for another score.

Dave Krieg added touchdown passes of 12 and 5 yards to Jonathan Hayes, who entered the game with just four catches and doubled his output on Sunday as the Chiefs finished 10-6.

The Broncos (8-8) could have gotten the AFC's final playoff spot from the Chiefs had they won.

Eagles 20, Giants 10: In Philadelphia, the Eagles boosted their record to 11-5 and complete their first unbeaten, untied home season in 43 years. It was Philadelphia's fourth straight victory.

They needed that home superiority to reach the playoffs because they were 3-5 on the road, where they start postseason play next Sunday against the New Orleans Saints, a 15-13 home victim of the Eagles in the season opener.

Not since the NFL champion Eagles of 1949 were 6-0 have they won all their home games. They were 5-0-1 in 1953.

Dolphins 16, Patriots 13: In Foxboro, Massachusetts, Don Shula joined George Halas as the only NFL coaches to reach the 300-victory regular-season level as Miami limped into the playoffs after trailing 13-3 at halftime.

Pete Stoyanovich's 35-yard field goal 8:17 into overtime, his third of the game, decided a contest in which the Dolphins lost running back Mark Higgs and linebacker Marco Coleman to injury.

They finally found their offense late in the fourth quarter after it scored just five touchdowns in the previous 25 periods.

Steelers 23, Browns 13: In Pittsburgh, the Steelers shook off a two-week scoring slump for their best season since 1979, turning Barry Foster's record-tying 12th 100-yard game and a series of defensive stands into a victory over Cleveland.

Foster ran for 103 yards and a touchdown, and Bubby Brister threw for another — Pittsburgh's first touchdowns since Dec. 6 — as the American Football Conference Central champion Steelers (11-5) earned a week off and home-field advantage for at least one playoff game.

The Steelers finished their first 11-victory season since their last Super Bowl season in 1979, when they were 12-4, by surging into a 17-3 lead, then turning over the game to their defense.

Pittsburgh's defense held Cleveland to Matt Stover's 22-yard field goal despite a 17-play, 90-yard drive from the Browns 5 yard-line to the Steelers 5 in the second quarter that lasted 11 minutes, 6 seconds.

Colts 21, Bengals 17: In Cincinnati, Indianapolis completed one of the best turnarounds in NFL history with one of their best comebacks of the season. Jack Trudeau threw a pair of second-half touchdown passes as the Colts overcame a 17-point deficit and ruined Anthony Munoz's retirement party.

The Colts, 9-7 after going 1-15 last year, broke out of a first-half lethargy when Trudeau replaced an injured Jeff George after halftime. Trudeau threw touchdown passes of 7 yards to Kerry Cash and 19 to Bill Brooks, and Rodney Culver ran 36 yards for the go-ahead touchdown early in the fourth quarter.

The Bengals (5-11) built the early lead on emotion and one final performance by Munoz, who is retiring after 13 seasons. The left tackle sprang Derrick Fenner for touchdown runs of 12 and 35 yrms in the first half, which the Bengals dominated. Munoz received tributes and a silver platter at halftime.

■ *In Saturday's games:*

Raiders 21, Redskins 20: In Washington, Vince Evans, replacing an injured Jay Schroeder, hit Tim Brown with a 3-yard touchdown pass with 13 seconds remaining to give the Raiders the victory.

The loss left the Redskins (9-7) depending on Minnesota's defeat of Green Bay on Sunday to make it into the postseason. The Raiders (7-9) were already out of contention for postseason play.

Washington held a 3-0 halftime lead before the 37-year-old Evans went to work, connecting on 15 of 22 passes for 214 yards and a pair of touchdowns.

Saints 20, Jets 0: In East Rutherford, New Jersey, Sam Mills ran a team-record 76 yards with a fumble and the Saints' defense recorded its first shutout of the season. New Orleans (12-4), second in the NFC West, will be at the Superdome next weekend for a wild-card playoff game against Philadelphia.

Craig Heyward scored on a 2-yard run in the third quarter and Morten Andersen made 27-yard and 36-yard field goals into a brisk wind, giving him 20 straight successful kicks. It wasn't all artistic for the Saints, however. Dalton Hilliard fumbled on their first play from scrimmage and Bobby Hebert was intercepted three times, once at the New York J by Mo Lewis.

But the Jets, minus nine injured starters and without any running backs who were with them in November, were no match for a playoff-bound team.

The Playoffs

(Through Sunday's Early Games)

AFC EASTERN DIVISION

Buffalo — Has clinched a playoff berth and can win the division title with a victory over Houston; would be assured of the home-field advantage throughout the playoffs with a victory.

Miami — Has clinched a playoff berth and can win the division a loss by Buffalo, based on better conference record than the Bills (9-3 to Bills' best-possible 9-4).

AFC CENTRAL DIVISION

Pittsburgh — Has won the division title and is guaranteed a first-round bye in the playoffs.

Houston — Has clinched a wild-card spot.

AFC WESTERN DIVISION

San Diego — Has clinched a playoff berth and can win the division title with a victory over Seattle.

Kansas City — Clinched a playoff berth with a victory over Denver and can win the division title with a loss by San Diego, based on a season sweep of the Chargers.

NFC EASTERN DIVISION

Dallas — Has clinched the division title and a first-round playoff bye.

Philadelphia — Will play at New Orleans next week in wild-card game.

Washington — Gets a wild-card spot.

NFC CENTRAL DIVISION

Minnesota — Has clinched the division title; will be host to Washington in first game.

NFC WESTERN DIVISION

San Francisco — Has clinched the division title and home-field advantage throughout the playoffs.

New Orleans — Has clinched a wild-card spot and will play host to Philadelphia.

NFL ROUNDUP

Texas A&M's Star Runner Suspended for Cotton Bowl

The Associated Press

DALLAS — Texas A&M's coach, R.C. Slocum, is on the defensive and worried about his offense after a university investigation that has led to the suspension of his star running back, Greg Hill, a week before the Cotton Bowl.

Hill, who rushed for 1,339 yards and 15 touchdowns on 267 carries, was suspended along with backup offensive linemen James Brooks and Darius Smith and backup receiver Percy Singleton, all freshmen, after a school probe revealed violations of National Collegiate Athletic Association rules following a published report.

The Dallas Morning News reported on Dec. 20 that Texas A&M players had received payment for work not done at apartment sites owned by an Aggies booster, Warren Gilbert of Dallas.

The newspaper said Gilbert, one of the largest operators of public housing in the city, wrote the payments off as maintenance fees at his low-income units. Gilbert, 67, who played for the Aggies in 1946-47, is being investigated by federal authorities for possible misuse of government funds.

The school's investigation revealed that the four players were overpaid at their summer jobs but found no evidence of exorbitant or year-round payments as alleged in the newspaper article, Slocum said.

A statement from the office of the university president, William Mobley, said the school had found the players "ineligible in accordance with NCAA regulations but will consider requesting restoration of eligibility based upon the circumstances of each individual case."

"After extensive research, we have concerns regarding the amount of work performed by these four athletes and as a result have taken this action," Mobley said in the release.

The players' specific infractions were not explained.

Slocum said the school would ask the NCAA to restore the players' eligibility on an individual basis but would make no effort to have them reinstated in time for the Cotton Bowl on Jan. 1, where fourth-ranked Texas A&M (12-0) will face No. 5 Notre Dame (9-1-1).

■ Alabama Loses Player

Alabama linebacker Michael Rogers, second in tackles for the second-ranked Crimson Tide, will not play in the Sugar Bowl after suffering a concussion and cuts in an automobile accident Friday, United Press International reported from Montgomery, Alabama.

Coach Gene Stallings said Rogers definitely would be unavailable for the New Year's night game against Miami in New Orleans, which is likely to determine the national title. The 22-year-old sophomore had 68 tackles in 12 games for the undefeated Crimson Tide, which will play 11-0 Miami in the Sugar Bowl.

Rogers is in a Montgomery hospital, where his condition has been upgraded from serious to fair. The 6-foot, 1-inch, 220-pound (1.85-meter, 100-kilogram) Rogers was a passenger in the car, which flipped several times after hitting a culvert in Greenville, Alabama.

One man died and another besides Rogers was injured.

■ New Coach at Wake Forest

Jim Caldwell, who is to succeed Bill Dooley at Wake Forest, will become the first black head football coach in the 40-year history of the Atlantic Coast Conference, The Associated Press repoted from Winston-Salem, North Carolina.

Caldwell, the coach of Penn State's passing game, won't join Wake Forest until Jan. 2, after Penn State's appearance in the Blockbuster Bowl.

Wake Forest plays in the Independence Bowl.

A 1977 graduate of Iowa, Caldwell, 37, has been an assistant under some of the most successful coaches in college football. The list includes Dennis Green at Northwestern, Bill McCartney at Colorado and Howard Schnellenberger at Louisville. Since 1986, Caldwell has worked for Joe Paterno at Penn State.



Tim Clary/Agence France-Presse

The Saints' fullback, Craig Hayward, broke the tackle of the Jets' safety, Kevin Porter, setting up a touchdown on the next play.

SIDELINES

Yacht Endeavour at Record Pace

SYDNEY (AP) — The maxi-ketch New Zealand Endeavour had pulled 15 nautical miles clear of its closest rival Sunday in the 630-nautical mile Sydney-Hobart yacht race and had a shot at breaking the race record, organizers said.

Endeavour, skippered by Grant Dalton, held a commanding lead over the Australian maxi-yacht Amazon 30 hours after the fleet left Sydney Harbor, with the two-time winner Condor in third place, just ahead of Kodak Express.

Dalton gets a $70,000 bonus if Endeavour can beat the record of 2 days, 14 hours, 36 minutes and 56 seconds for the 630 nautical miles (1,168 kilometers) that was set by the American skipper Jim Kilroy in Kialoa II in 1975.

Daly's Wife Disputes Arrest Report

CASTLE ROCK, Colorado (AP) — Bettye Daly, the wife of former PGA champion John Daly, has declined to press charges against her husband and, in a statement, indirectly criticized sheriff's department officers who arrested him after an altercation in which she allegedly was thrown against a wall of their home here.

In a brief statement issued through Daly's attorney, Bettye Daly said, "I was not struck or physically injured in the incident. I neither reported the incident nor requested the sheriff's department to intervene."

Daly, 26, was arrested by sheriff's officers and charged with third-degree assault last Wednesday for allegedly throwing his wife against a wall during an argument at a Christmas party the previous Sunday.

For the Record

The Fellow, the French horse ridden by Adam Koodrat of Poland, won the King George VI steeplechase in England for the second straight year, with 10-1 chance Pat's Jester finishing second, six lengths back. *(Reuters)*

Quotable

● Coach Herb Brooks of the New Jersey Devils after a victory: "It was a dog of a game, but at least we got the bone."

Kansas Edges BYU in Aloha Bowl, Gray Comes Back to Defeat Blue

The Associated Press

Even before he scored the game-tying touchdown early in the fourth quarter, Kansas quarterback Chip Hilleary knew the Jayhawks were going to beat Brigham Young to win the Aloha Bowl in Honolulu.

Hilleary's 1-yard run with 11:26 remaining and ensuing 2-point conversion run tied the score at 20, then Dan Eichloff kicked a 48-yard field goal with 2:57 left to give Kansas a 23-20 victory over the 25th-ranked Cougars on Friday.

The field goal capped a 7-minute, 15-play drive that gave the Jayhawks (8-4) a victory in their first bowl game in 11 years. Brigham Young finished 8-5.

"They kept missing field goals and giving us opportunities," Hilleary said, "and the momentum was staying with us."

David Lauder, kicker for BYU, missed three field goals, including two in the second half, and also misfired on an extra point. He hit the left upright on a 31-yard field goal try with 4:02 left in the third quarter, giving BYU nothing after an 4-minute, 67-yard drive.

"He's been good all year. He just missed them," BYU's coach, LaVell Edwards, said. "I was disappointed we didn't score more points. We had our chances and didn't do the job."

BYU gained 187 yards in the third quarter, but could only score once.

Gray 27, Blue 17: In Montgomery, Alabama, Maryland's John Kaleo threw two touchdown passes, the second an 18-yarder to Larry Ryans of Clemson for the winning score with 2:50 remaining as the Gray rallied to victory in the Blue-Gray All-Star Classic on Friday.

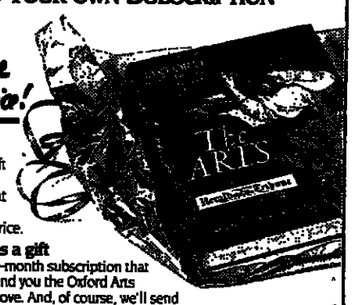
Arkansas linebacker Raylee Johnson sealed the victory 27 seconds later when he knocked the ball away from the Blue's quarterback, Alex Van Pelt of Pittsburgh, picked it up and ran 40 yards to the end zone.

The Blue squad totally dominated the first half, building a 14-0 lead while piling up a 259-100 advantage in yards. But the final margin was much closer, with the Blue ahead, 372-326.

The Gray used a Bobby Bowden specialty, the "fumblerooskie," to turn around things in the second half. After taking the kickoff and driving to the Blue 18, the center laid the ball on the ground on the snap and Houston guard Jason Youngblood picked it up and rambled around left end for the touchdown. It was the first time he had run the play.

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Portugal	Esc.	45,000	25,000
Spain	Ptas.	45,000	25,000
— " hand deliv. Madrid	Ptas.	55,000	27,500
Sweden (airmail)	S.Kr.	2,900	1,600
– hand delivery	S.Kr.	3,300	1,800
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One Man's 'Family': Robbins and Dance

International Herald Tribune

PARIS — The woman in the stately black dress looked like the usual ballet spectator at the Opéra Garnier, but her face showed utter bliss. "I feel so happy," she said to her companion after "Dances at a Gathering." During the program's third work, the comic ballet "The Concert," another rarity occurred: The audience collapsed in laughter.

Along with "In the Night," the ballets were part of a Jerome Robbins season at the Palais Garnier and the choreographer

MARY BLUME

was as pleased as his audience. The company, which will perform at Washington's Kennedy Center in March, is the best ballet group around, he says, along with the New York City Ballet. He joined the NYCB at George Balanchine's invitation, as dancer, choreographer and associate director in 1949.

"What's interesting about coming to Paris is that I get to work the ballets and put them more or less into their original shape," Robbins said. "In New York 'Dances' has become a sort of repertory piece now, it doesn't get the same kind of study."

"Dances at a Gathering" (1969), a long work danced to Chopin played on a single piano, marked Robbins's return to the NYCB after 10 years, much of it devoted to his other specialty, the Broadway musical (his credits include "West Side Story," "Gypsy," "Funny Girl" and "Fiddler on the Roof"). "I remember being very happy, very content, the work just flowed out of me." "Dances" started as a pas de deux for Edward Villella and Patricia McBride and ended as work for 10 dancers.

"I got my steam up and got going. At half an hour, I found it too long and showed it to Balanchine who said, 'No, no, more. Make it like popcorn, keep it going.' So I kept it going for another half hour."

In 1969, Robbins says, there was an anti-establishment feeling in dance as in everything else. "People didn't have to be trained and you could come out in four pieces of wood or you could come out and just take your clothes off and do something outrageous.

"It seemed so lacking in concern, so lacking in concern for the other people and for the dancers, it looked like such a terrible childish protest to me. So at the time 'Dances' was a shocker, a romantic ballet."

Robbins, who has some 60 ballets and 20 musical comedies to his credit, resigned from the NYCB in 1989 although upon his return to New York he will start rehearsals for the company's January repertory and will, of course, see the annual production of Balanchine's "Nutcracker," for which Robbins choreographed the war between the mice and the soldiers. Robbins likes to emphasize his choreographic collaborations with Balanchine, whom he first met when he was dancing on Broadway and Balanchine, with less pleasure, was choreographing musicals.

"He didn't like musicals, not by the time I got to be friends with him. Whenever I said why don't you do a musical he made a face, and that's how I started to feel after a while, too.

"You're working under such pressure to move forward and get on, and you're working with a team of collaborators, which can be exciting if they are Leonard Bernstein or Steve Sondheim. But there came a time when I just wanted a studio of dancers and myself to work on what I would call my own voice and my own material."

When Lincoln Kirstein announced Balanchine's death in 1983, he referred to the NYCB as a family, which may suggest that like most families it had its squabbles, but Robbins emphasizes the company as a unit: a laboratory, he calls it, whose subject is dance and how to honor it.

Before joining Balanchine he had been with Ballet Theatre, which was highly competitive and divided into English, American and classical camps. "With Balanchine the main thing was about dancing and of course he gave such thrilling and harmonious examples of what life could be like with his life, and everyone honored that. It brought the company into a unity about which one can say family. I find that's still true, they work harder than almost any company that's around and the reason is to honor the things that he created for us and his idea of what dancing is like."

Robbins says many of his ballets are about pure dance but to some New York critics he was an imitative outsider. "A Robbins ballet is some other place for the dancers to be besides the world of Balanchine," Arlene Croce wrote.

"When I do a musical I'm known as the ballet choreographer and when I do a ballet I'm the show biz guy who does musicals. When I did my first ballet ["Fancy Free"] I was 25. It was an enormous success and I was known as the young kid. Then I did Broadway shows and that was the tag that was put on me, that young kid. Then I worked with Balanchine for many years and he is legitimately recognized as such a prodigious talent that I was always put second to that in America."

At the age of 17, Robbins tried to get into Balanchine's School of American Ballet and wasn't even allowed to audition, his only experience having been in modern



Jacques Moatti

Jerome Robbins at work.

dance. "There weren't any ballet companies around then and very few dance opportunities, all you could get into was musical comedy. Fortunately, just as that was happening to me, Balanchine was starting to choreograph, so in two years I did four musical comedies and in two of them Balanchine did the choreography and picked me."

In 1989, Robbins won six Tony awards for his musical comedy anthology, "Jerome Robbins' Broadway." He lives comfortably from his royalties for "West Side Story" and "Fiddler on the Roof" and is now working on a long autobiographical piece. At 74, he says he often looks back at his Russian immigrant family and feels as if he is his parents' parents and they are his children.

The autobiographical work is called "The Poppa Piece" and is about Robbins accepting his father and his father accepting him. "I don't know how to describe it. It's what I would call my kind of theater, which people have seen parts of in all my works. It's not a play, it's not a musical, it's impressionistic although based on real events. It's more about how they affected me as a child, what happened inside as each event occurred.

Unlike many dancers these days, he does not think he will write an autobiography. "I'm very unfashionable, I think it's from being a dancer where you had to change your clothes all the time. Occasionally I look at what one is supposed to wear and think, oh, pleated trousers, I don't like them very much. By the time my eye gets used to them they're out.

"I think the same thing would happen with my autobiography. By the time I got around to writing it, people would be so bored with all the people they've read about."

Still, he inevitably looks back on a career of great length and breadth, "That's the thing as a choreographer, you stay in a way static while the river of dancers moves past you, perhaps five or six extraordinary dancers in a lifetime and you get a chance to use them. It gives you a sort of clipped, far vision of what the field is like."

Robbins keeps careful archives of notes, films, photographs and marked scores while knowing the record cannot be complete because dance lives on only in dancers' bodies. "Dancers have a kinetic memory. They say they can't remember, then they hear the music and get started, it's as if their bodies remember. The only works I can really remember are the ones I danced in.

"It's such a fragile, transient thing and that's a reason dance is low on the totem pole of the arts, because you're not left with a painting that will stay there, a book that will stay there, a score you can read. It's like life, it exists as you're flitting through it and when it's over it's gone. I think it's gone. I think it's almost too impermanent for people to relish as much as they should, and there's a sense of mortality about it as well."

Which may be one reason dance is so moving. "Yes," Robbins says. "If you can get people in to see it."

LANGUAGE

Warlords and Other Draculian Terms

By William Safire

WASHINGTON — "Why is the word *warlord* employed for the gunmen in Somalia," asks Herb O'Connor of ABC News, "as opposed to other places in the world? It seems a Draculian kind of term."

I like *Draculian*, imputing bloodiness, somewhat on the analogy of *Draconian*. And I agree that *warlord* is a word that seems out of place in Africa.

The word was coined in 1856 by Ralph Waldo Emerson: "Piracy and war," he wrote, "gave place to trade, politics and letters; the war-lord to the law-

The word and its variations in English gained a distinctly Chinese connotation by the 1960s.

lord." Between 1916 and 1928, that word was used in translation of the Chinese term *junfa*, meaning "regional military commander, ruling with little regard to orders from a central government"; said The New York Times of Dec. 31, 1922, "His regard for the Peking government is proportioned inversely to the size of his army and his distance from the capital."

The word and its variations in English gained a distinctly Chinese connotation by the 1960s. "Throughout his struggles with provincial warlordism, 'communist-bandits' and finally with the Japanese," wrote Edgar Snow, an early apologist for the Communist Mao Zedong against Chiang Kai-shek, "Chiang remained essentially an old-fashioned militarist."

Toward the end of that decade, the word was applied elsewhere in the Far East. "Is Indonesia now in for a spell of warlordism?" The New Statesman asked in 1966. By the late '70s, the word made its way into Middle East coverage: "Petty warlordism, protection rackets," The Guardian wrote in 1979. ". . . have alienated the natural allies of the Palestinians."

Now we have Somalia's rival warlords and their "clan-based followers." Some find the cultural shift bothersome: *"War lord* is a term I associated more with medieval Japan," writes Richard Johnson, a columnist for the Daily News. "In Africa they have tribal chiefs. Then it occurred to me. *Tribal chiefs* are armed with spears. *War lords carry* rifles." He finds a touch of political correctness in the usage: "A war lord is a tribal chief who has been armed by colonialists. Now that we've sold them guns, we have to go in and take them away, turning the war lords back into more peaceful tribal chiefs."

Because the leaders of these clans, vying for power, stole food supplies and blocked the distribution of relief to the starving, Western journalists denounced them as *bandits*, the noun now meaning "outlaw, plunderer" —and as *thugs*. This 1810 noun came from the Hindi word *thug* for a member of a gang of professional murderers who specialized in strangling their victims. Time magazine called them "Mad Max characters . . . conducting an experiment in anarchy," referring to a 1979 Australian film, starring Mel Gibson, about violent and vengeful characters.

As the gang chiefs in Somalia became individuals with whom to negotiate, the term *warlord* was dropped from the official vocabulary of American spokesmen. Ted Koppel of ABC, broadcasting from Mogadishu, started to use the word twice one night and ostentatiously caught himself, saying they were now to be known as "regional leaders." Particularly helpful ones, whatever their age, are called *elders*.

□

Frederick B. Lacey, the retired federal judge hired by the Justice Department in the Iraqgate affair — who raised some eyebrows by styling himself "the independent counsel" — blasted the media and the Congress on his way out the door. His characterization of corruption charges, delivered in a voice quavering with outrage: *"arrant nonsense."*

Arrant has long been fused to *nonsense* in impenetrable cliché. These are wedded words, like *unmitigated gall, limpid pools* and *fugitive financier*. In The Washington Post report of Lacey's spoken statement, the words were written *"errant nonsense."*

A Justice Department official, whose background insights made in calls to me were denounced by the attorney general's defender as *"gross distortions"* (another example of wedded words), called to ask: Which is correct, *arrant* or *errant*, when modifying *nonsense?*

Arrant means "flagrant; notorious; thoroughgoing," as in Hamlet's "We are arrant knaves all, believe none of us" (Shakespeare's Second Quarto drops the all). It started out as a variation of *errant*, which means "wandering, roving, especially in search of adventure." Both words are rooted in the Latin *errare* and the Old French *errer*, "to wander," which has a second sense: "to err, or wander off the proper path."

The senses split, and different meanings became assigned to each. A *knight errant* was a fellow in clanking armor wandering about looking for *damsels in distress* (more wedded words); *arrant nonsense* was outright gibberish mouthed by sensation-seeking solons and scriveners.

□

Headline writers, who thrive on the short and recognizable, have a formulation for the '90s: an identification of a noun, followed by the derogation "Stupid!"

James Carville, the Clinton political strategist, put up a sign in his Little Rock headquarters: "It's the Economy, Stupid!" That was supposedly his answer to the question "What's the campaign about?" The sign helped keep the central attack issue constantly in focus.

Now comes Ethan H. Siegal of Prudential Securities with a headline over his financial newsletter: "It's the Deficit, Stupid!" A David Twersky column in The Forward headlines: "The Mideast, Stupid!"

Stupid (from *stupere*, "to be stunned") is certain to become the most commonly used adjective-turned-noun of the coming year. And then, as suddenly as it appeared, it will vanish. Why? Formulation overload. It's the fast-changing vocabulary, Rocket Scientist!

New York Times Service

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Appears on Page 6

WEATHER

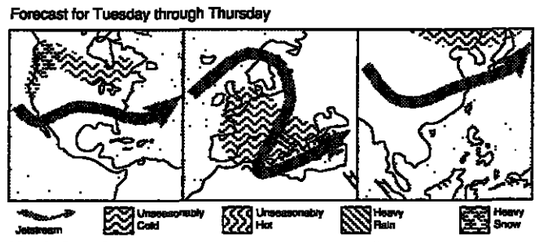
Europe

	Today High	Today Low	W	Tomorrow High	Tomorrow Low	W
	C/F	C/F		C/F	C/F	
Algarve	14/57	6/43	pc	16/61	7/44	sh
Amsterdam	4/39	-2/29	s	6/43	-2/29	s
Ankara	0/32	-9/16	pc	2/35	-7/20	pc
Athens	9/48	3/37	r	8/46	2/35	sh
Barcelona	9/48	2/35	s	12/53	3/37	pc
Belgrade	-3/27	-9/16	pc	2/35	-7/20	c
Berlin	1/34	-4/25	s	3/37	-4/25	s
Brussels	3/37	-1/31	s	4/39	-1/31	s
Budapest	0/32	-8/18	pc	2/35	-7/20	pc
Copenhagen	1/34	-3/27	c	3/37	-4/25	pc
Costa Del Sol	14/57	6/43	pc	16/61	7/44	sh
Dublin	6/43	-1/31	pc	7/44	1/34	pc
Edinburgh	4/39	-2/29	s	5/41	-2/29	s
Florence	8/46	3/37	pc	9/48	4/39	c
Frankfurt	3/37	-2/29	s	4/39	-2/29	s
Geneva	3/37	-1/31	pc	4/39	-1/31	pc
Helsinki	-4/25	-15/5	pc	-2/29	-14/7	pc
Istanbul	2/35	-3/27	pc	3/37	-2/29	pc
Las Palmas	20/68	13/55	pc	21/70	12/53	pc
Lisbon	14/57	5/41	pc	16/61	10/50	sh
London	5/41	-2/29	s	7/44	-2/29	s
Madrid	8/46	-1/31	s	9/48	-1/31	s
Milan	6/43	2/35	pc	8/46	3/37	c
Moscow	-9/16	-21/-5	s	-7/20	-19/-2	sl
Munich	3/37	-7/20	pc	4/39	-3/27	pc
Nice	9/48	4/39	pc	10/50	5/41	pc
Oslo	-2/29	-9/15	s	-1/31	-9/16	s
Palma	8/46	4/39	s	10/50	4/39	pc
Paris	4/39	0/32	pc	6/43	-1/31	pc
Prague	1/34	-4/25	s	2/35	-4/25	s
Reykjavik	7/44	0/32	pc	1/34	-3/27	sn
Rome	8/46	2/35	sh	10/50	4/39	sh
St. Petersburg	-7/20	-18/0	s	-5/22	-18/4	sl
Stockholm	-4/25	-10/15	pc	-2/29	-8/18	pc
Strasbourg	4/39	-1/31	pc	6/43	-1/31	pc
Tallinn	-5/24	-14/7	pc	-2/29	-13/9	pc
Venice	6/43	1/34	pc	8/46	2/35	c
Vienna	1/34	-4/25	pc	3/37	-4/25	pc
Warsaw	-2/29	-11/13	s	-1/31	-9/16	s
Zurich	2/35	-2/29	pc	3/37	-2/29	pc

Oceania

Auckland	25/77	13/55	sh	21/70	12/53	r
Sydney	29/84	18/64	t	24/75	17/62	c

Forecast for Tuesday through Thursday



North America
A powerful storm will blast western areas of the United States and Canada Tuesday. Rain will fall along the immediate coast while heavy snow blankets the inland mountain ranges. Bitterly cold air will move into the Great Lakes Tuesday. The Northeast will be dry Tuesday through Thursday.

Europe
Cold, dry weather will hold sway through at least midweek across the heart of Europe. Morning fog and thick frost are likely from the Alps on north. The Mediterranean lands will be cold and unsettled with strong winds. Downpours are possible Tuesday from Sicily to southwestern Turkey.

Asia
Breezy and cool weather can be expected in Tokyo Tuesday through Thursday with little or no rain. Hong Kong will be cool with nothing more than a few stray showers. Warm sunshine will dominate in Manila, while scattered showers and heavy thunderstorms occur near Singapore.

Middle East

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Beirut	13/55	8/43	c	13/55	9/48	pc
Cairo	18/61	7/44	pc	18/61	10/50	pc
Damascus	7/44	-1/31	c	5/41	-2/29	pc
Jerusalem	7/44	4/39	c	8/46	4/39	pc
Riyadh	21/70	7/44	s	21/70	8/46	s

Latin America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Buenos Aires	32/88	22/71	t	30/86	20/68	pc
Caracas	27/80	17/63	s	28/79	19/66	pc
Lima	23/73	17/62	pc	24/75	18/61	pc
Mexico City	22/71	9/48	pc	21/70	9/48	pc
Rio de Janeiro	30/86	22/71	s	32/89	23/73	pc
Santiago	29/84	10/50	s	28/82	12/53	s

Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Bangkok	28/79	22/71	c	28/82	21/70	pc
Beijing	4/39	-6/22	s	3/37	-4/25	pc
Hong Kong	19/66	13/55	pc	18/64	12/53	pc
Manila	30/88	24/75	pc	31/88	23/73	s
New Delhi	24/75	10/50	s	25/79	11/52	s
Seoul	4/39	-4/25	pc	2/35	-6/22	pc
Shanghai	12/53	2/35	pc	9/48	1/34	pc
Singapore	31/88	22/71	pc	31/88	21/70	t
Taipei	21/70	13/55	sh	19/66	12/53	pc
Tokyo	8/46	2/35	c	7/44	2/35	r

Africa

Algiers	19/66	7/44	s	18/64	6/43	pc
Cape Town	21/70	14/57	pc	23/73	16/64	pc
Casablanca	17/62	11/52	pc	18/64	10/50	pc
Harare	29/84	13/55	pc	30/86	15/59	pc
Lagos	29/84	22/71	s	29/84	23/73	s
Nairobi	25/73	12/53	pc	23/73	12/53	pc
Tunis	19/66	8/46	pc	18/64	7/44	pc

North America

Anchorage	-12/11	-21/-5	s	-10/15	-18/0	pc
Atlanta	13/55	7/44	c	14/57	6/43	pc
Boston	6/43	1/34	c	6/43	-3/27	pc
Chicago	5/41	0/32	s	-1/31	-8/22	sn
Denver	9/48	-4/25	o	12/53	-4/25	c
Detroit	4/39	0/32	c	2/35	-2/29	c
Honolulu	28/82	21/70	s	28/82	20/68	sh
Houston	21/70	14/57	c	23/73	14/57	sh
Los Angeles	17/62	8/46	sh	16/61	10/50	pc
Miami	28/79	18/64	c	27/80	19/66	pc
Minneapolis	-4/25	-12/11	c	-4/25	-13/9	sn
Montreal	1/34	-10/15	c	-5/24	-13/9	pc
Nassau	25/77	17/62	pc	24/75	16/61	pc
New York	7/44	3/37	c	7/44	0/32	pc
Phoenix	20/68	11/52	sh	21/70	12/53	pc
San Fran.	13/55	8/46	sh	12/53	9/48	c
Seattle	4/39	2/35	r	6/43	2/35	r
Toronto	3/37	-1/31	c	1/34	-4/25	pc
Washington	8/46	4/39	c	9/48	2/35	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hos, W-Weather. All maps, forecasts and data provided by Accu-Weather, Inc. © 1992

CROSSWORD

ACROSS
1 Celebration
5 Fedora part
9 Caper
14 Truant G.I.
15 Hudson or De Soto
16 Temperamental
17 Headdress for 35 Down
19 Takes the bait
20 Relative
21 Sound system
23 Install
24 Postures
25 News bit
28 Sculi
29 Rock-forming mineral
33 Happen again
36 Centennial electee
37 Cheer in Córdoba
38 —— lady
39 Stabbed by a tusk
40 Wild plum
41 Masc. opposite
42 Astringents
43 Smooth and lustrous
44 Pelts-for-pelf people
46 —— Beta Kappa
47 "—— creature was . . ."
48 Nourishment
52 Agreement
54 Helen or Henry
57 Sandra or Frances
58 Orange-yellow
60 Calumet
62 Off. worker
63 Kick in a poker chip
64 Ardor
65 Palatable
66 Sinister look
67 Depend

DOWN
1 Stares stupidly
2 Expect
3 —— Doone of fiction
4 Priest's garment
5 Tease gently
6 Old letters
7 Roman road
8 Speck
9 Joseph Kennedy, in Eng.
10 Some pollution causes
11 Symbolic post
12 Conception
13 Sac; vesicle
18 Sesame Street grouch
22 Used a lubricant
25 Common or proper word
27 End-zone scores: Abbr.
29 Works the land
30 Some are beady
31 Medicinal plant
32 Fume
33 Finn's conveyance
34 In any instance
35 Kiowas' associates
36 Zero ——
39 Sparkle
40 Svelte
42 Prone
43 Sparkle
45 Powerful
46 Form of mining
48 Child's marble
49 Roman official
50 Himalayan kingdom
51 Wee
52 Hitching ——
53 Recorded proceedings
55 Gemstone
56 Coty or Cassin
59 Clark or Rogers
61 Part of r.p.m.

Solution to Puzzle of Dec. 24-25

G	I	A	N	T		S	C	R	A	G		A	Z	O
A	T	R	I	A		I	L	E	D	E		L	A	U
T	A	L	C	S		D	A	M	O	N		O	K	S
	L	O	E	S	S	E	R			E	G	E	S	T
		L	E	A	S	E		C	R	U				
	I	D	Y	L	L			P	L	A	Y	S	T	O
S	W	A	N	S			D	E	A	L	S	O	U	T
T	E	R	I		H	A	R	R	Y		A	N	T	I
E	R	I	C	S	O	N	S			S	N	I	T	S
R	E	C	E	I	P	T			T	O	D	A	Y	
		L	T	S		I	N	A	I	D				
F	L	O	Y	D			D	E	T	R	O	I	T	
R	U	B		O	A	S	E	S		E	L	G	I	N
E	C	O		W	H	E	A	T		E	L	E	N	A
E	K	E		N	A	I	L	S		S	S	T	A	R

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BOOKS

GUNFIGHTER NATION: The Myth of the Frontier in 20th-Century America

By Richard Slotkin. 850 pages. $40. Atheneum.

Reviewed by Michiko Kakutani

SINCE 1893, when Frederick Jackson Turner delivered his epoch-making address on the crisis the United States faced in the closing of its geographic frontier, historians have been busy debating the winning and losing of the West.

The latest study to tackle this widely written-about subject is the scholar Richard Slotkin's stirring new book, "Gunfighter Nation: The Myth of the Frontier in 20th-Century America," the concluding volume in an ambitious trilogy tracing the evolution of the myth of the American frontier.

"Gunfighter Nation" builds on ideas laid out in the trilogy's first two volumes, "Regeneration Through Violence" (1973) and "The Fatal Environment" (1985). It often echoes the work of other scholars as well, most notably, Henry Nash Smith's influential "Virgin Land: The American West as Symbol and Myth" (1950) and "The West of the Imagination" (1989) by William H. and William N. Goetzmann. At the same time, the book breaks new ground in its careful explication of the continuing dynamic between politics and myth, myth and popular culture.

Writing in clear, sure-footed prose, Slotkin methodically illustrates the ways in which the myth of the frontier has both informed American foreign policy — from Presidents Theodore Roosevelt through Ronald Reagan — and shaped popular thinking through books and movies.

If his book's relentless determination to look at American history through this single, narrow lens results in some oversimplifications — the country's idealism and taste for isolationalism are both consistently underplayed — it nonetheless succeeds in making the reader re-examine the underpinnings of American political and cultural ideology and reassess a century of remarkable change.

According to the myth of the frontier, says Slotkin, "the conquest of the wilderness and the subjugation or displacement of the Native Americans who originally inhabited it have been the means to American achievement of a national identity, a democratic polity, an ever-expanding economy and a phenomenally dynamic and 'progressive' civilization."

Central to this myth was the belief that "violence is an essential and necessary part of the process through which American society was established and through which its democratic values are defended and enforced."

Whereas the early settlers achieved progress (and, Slotkin implies, a sense of spiritual regeneration) through the continual annexation of new lands, Americans were forced to look for new sorts of conquests when the Western frontier closed in the 1890s.

With the Spanish-American War and American involvement in the Philippines, Theodore Roosevelt extrapolated the frontier myth to the world of foreign affairs. For Americans to renew their virility, Roosevelt suggested, they must take up the challenge of empire and bring civilization "to the red wastes where the barbarian peoples of the world hold sway."

A century after Turner pointed to the closing of the geographic frontier, a nostalgia for the myth — or at least the vocabulary — of the frontier remains.

With U. S. forces in Somalia, both government officials and reporters have already begun to invoke some familiar imagery. As Ted Koppel recently said on "Nightline," "We like, as Americans, that sort of western image of the big, swaggering, broad-shouldered American coming into the town that is in trouble and clearing everything up."

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

FOR a bridge gift matching high quality with a low price, consider "The Best of Robert Gray, Book Two."

Gray reports a sad story involving a fictional lady named Margaret, who was playing in a Scottish women's event. She held the East cards and found herself defending a contract of six diamonds, played from the South position after a response to Blackwood put the long diamonds into the dummy.

West was known to have a strong heart-club two-suiter and East a long, weak spade suit. Routine play would have led to quick defeat.

South had a clever idea. She ruffed with the diamond king, planning to cash the diamond ace and the high clubs before throwing East in with the diamond queen. East would be forced to return a spade allowing declarer's spades to take care of the club losers in dummy. If East unblocked the trump queen at trick two, declarer planned to cash the high clubs and throw East in with the diamond four.

But Margaret saw this coming. When the opening lead was ruffed with the diamond king, she "discarded" the diamond queen. As planned, South cashed the high clubs and tried to throw East in by leading the diamond three. An astonished West won the first round of trumps with the five, returned a heart and beat the slam by two tricks.

Margaret had defended brilliantly. So why was it a sad story for her? Because a reporter, whose analysis and accuracy were on an equal low level, described the hand thus: "East pulled a wrong card, allowing South to make 11 tricks."

NORTH
♠ —
♡ —
◇ A K J 10 9 8 7 6 3
♣ A K 10 9

WEST (D)
♠ Q
♡ A K Q 4 3 2
◇ 5
♣ Q J 8 7 6

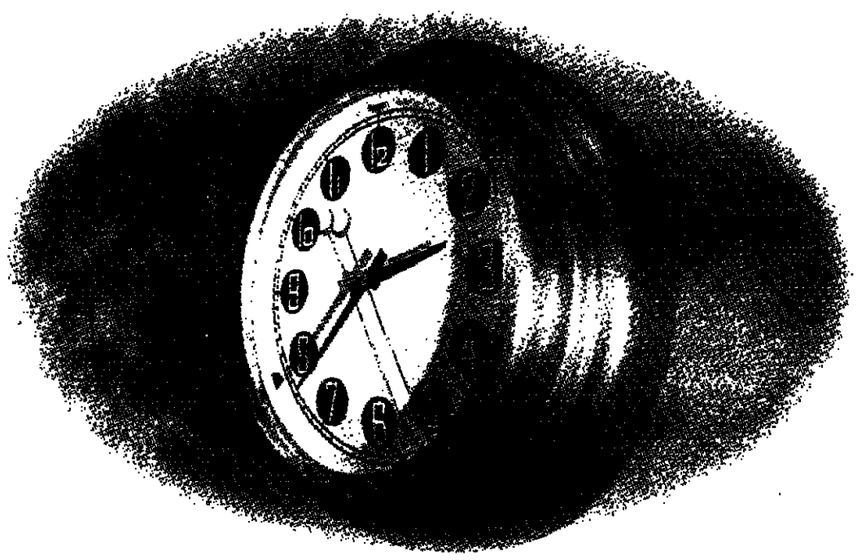
EAST
♠ J 10 9 8 7 6 5 4 3 2
♡ —
◇ Q 4
♣ 3

SOUTH
♠ A K
♡ J 10 9 8 7 6 5
◇ 2
♣ 5 4 2

Both sides were vulnerable. The bidding:

West	North	East	South
1 ♡	2 ♡	3 ♣	3 N.T.
4 ♠	4 N.T.	Pass	5 ◇
Pass	6 ◇	Pass	Pass
Pass			

West led the heart king.





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